tempton

Group management report for the financial year 2021

Tempton Group GmbH
Essen

tempton

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FINANCIAL STATEMENTS

Consolidated statement of financial position of Tempton Group GmbH, Essen

ASSETS	Note	IFRS 31.12.2021 kEUR	IFRS 31.12.2020 kEUR
CURRENT ASSETS		**71,713**	**54,689**
Cash and cash equivalents	II.1	31,836	23,322
Trade receivables	II.2	33,275	25,500
Contract assets	II.3	1,431	1,015
Current income tax receivables	II.4	644	270
Other current financial assets	II.5	1,539	1,503
Inventories	II.6	774	580
Other current assets	II.7	2,214	2,499
NON-CURRENT ASSETS		**37,846**	**39,572**
Other intangible assets	II.8	4,488	4,079
Goodwill	II.9	10,646	10,646
Property, plant and equipment	II.10	9,133	8,719
Right-of-use assets	II.11	7,119	6,106
Other non-current financial assets	II.5	2,341	3,078
Deferred tax assets	II.12	4,119	6,944
TOTAL ASSETS		**109,559**	**94,261**

Consolidated statement of financial position of Tempton Group GmbH, Essen

LIABILITIES	Note	IFRS 31.12.2021 kEUR	IFRS 31.12.2020 kEUR
CURRENT LIABILITIES		**46,514**	**38,747**
Current financial liabilities	II.13	175	420
Lease liabilities	II.14	3,178	2,597
Trade payables	II.15	2,796	2,334
Current income tax liabilities	II.16	1,976	2,086
Current provisions	II.17	17,751	16,675
Other current financial liabilities	II.18	10,465	8,506
Other liabilities	II.19	9,831	5,677
Contract liabilities	II.3	342	452
NON-CURRENT LIABILITIES		**34,290**	**38,171**
Non-current financial liabilities	II.13	26,796	31,255
Lease liabilities	II.14	3,452	2,652
Provisions for pensions	II.20	3,373	3,670
Non-current provisions	II.17	191	244
Deferred tax liabilities	II.12	478	350
TOTAL LIABILITIES		**80,804**	**76,918**
SHAREHOLDERS' EQUITY	II.21	**28,755**	**17,343**
Share Capital		25	25
Treasury Shares		-9	-9
Capital Reserves		676	676
Retained Earnings		28,063	16,651
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**109,559**	**94,261**

Consolidated Statement of profit or loss of Tempton Group GmbH, Essen

	Note	2021 kEUR	2020 kEUR
Revenue	**III.1**	**315,152**	**219,133**
Changes in work in progress		64	-2
Other operating income	III.3	701	824
Cost of raw materials and supplies		-1,496	-2,003
Cost of purchased services		-9,651	-6,305
Personnel costs	III.4	-251,159	-179,486
Other operating expenses	III.5	-24,654	-20,119
EBITDA		**28,957**	**12,042**
Depreciation and amortization	II.8/10/11	-8,895	-7,133
Operating profit (EBIT)		20,062	4,909
Interest income and similar income	III.6	78	59
Interest expense and similiar expense	III.7	-3,641	-2,401
Income taxes	III.8	-5,276	684
Profit of the Year		**11,223**	**3,251**

Consolidated statement of comprehensive income of Tempton Group GmbH, Essen

	Note	2021 kEUR	2020 kEUR
Profit of the Year		**11,223**	**3,251**
Items not subsequently reclassified to profit or loss (not recycled)	II.21.5		
Gain (Losses) from the remeasurement of defined benefit plans		275	-119
Income taxes relating to the remeasurement of defined benefit plans		-85	36
Other comprehensive income		189	-83
Total comprehensive income		**11,413**	**3,168**
Total comprehensive income attributable to owners of the parent		**11,413**	**3,168**

Consolidated statement of changes in equity of Tempton Group GmbH, Essen

Note: II.21	Share Capital	Treasury Shares	Capital Reserves	Retained Earnings	Total shareholders equity
	kEUR	kEUR	kEUR	kEUR	kEUR
Balance at 1 January 2020	**25**	**-9**	**676**	**13,482**	**14,174**
Profit of the year	0	0	0	3,251	3,251
Other comprehensive income	0	0	0	-83	-83
Balance at 31 December 2020	**25**	**-9**	**676**	**16,651**	**17,343**
Balance at 1 January 2021	**25**	**-9**	**676**	**16,651**	**17,343**
Profit of the year	0	0	0	11,223	11,223
Other comprehensive income	0	0	0	189	189
Balance at 31 December 2021	**25**	**-9**	**676**	**28,063**	**28,755**

Consolidated statement of cash flows of Tempton Group GmbH, Essen

Note: IV.1	2021 kEUR	2020 kEUR
Profit of the year	11,223	3,251
Depreciation and amortization	8,895	7,133
Change in provisions	725	1,110
Other non-cash (income) expenses	-90	-75
Changes in trade and other receivables, inventories, contract assets and other assets	-6,841	-3,525
Changes in trade payables, contract liabilities and other liabilities	6,603	1,360
(Gains) losses from the disposal of intangible assets and property, plant and equipment	39	55
Interest (income) expenses, net	3,563	2,341
Income tax expenses	5,276	-684
Income taxes paid	-2,892	-1,190
Cash flows from operating activities	**26,501**	**9,776**
Disposal of equipment	3	13
Additions to property, plant and equipment	-2,040	-3,219
Additions to intangible assets	-2,565	-2,643
Additions to assets leased	-173	-454
Interest received	14	15
Cash flows from investing activities	**-4,761**	**-6,288**
Issuance of long-term debt	25,000	0
Repayment of long-term debt	-30,000	-154
Principal portion of repayment of lease liabilities	-4,669	-4,145
Interest paid	-3,557	-1,942
Cash flows from financing activities	**-13,226**	**-6,241**
Change in cash and cash equivalents	8,514	-2,753
Cash and cash equivalents at beginning of period	23,322	26,075
Cash and cash equivalents at end of period	**31,836**	**23,322**

Notes to the Consolidated Financial Statements for the 2021 Financial Year

Contents

I. Accounting policies and measurement methods

I.1. Basic accounting information

I.1.1 Information about the company

Tempton Group GmbH and its subsidiaries (hereafter "Tempton", "Tempton Group" or "Group") is one of the largest personnel service providers in Germany. In addition to personnel leasing, Tempton offers its customers solutions for nearly all tasks involving personnel. This includes recruiting personnel (including recruiting processing outsourcing (RPO) services), direct placement, master vendor and on-site management solutions, taking personnel over, providing temporary experts or freelancers as well as outsourcing solutions, technical services and C-level services.

Tempton Group GmbH is headquartered at Schürmannstraße 24, 45136 Essen, Germany. It is registered in the Commercial Register of the District Court of Essen under the registration number HRB 28871. It is the parent company of Tempton Group. The group parent company of Tempton Group GmbH is Dres. Tischendorf Tempton GmbH, Frankfurt am Main.

The consolidated financial statements of Tempton Group for the 2021 financial year were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and were authorized for issue by the Managing Board on 25 April 2022. Tempton Group prepares and reports its consolidated financial statements in Euro (€). Due to rounding, numbers presented may not add up precisely to totals reported.

I.1.2 Accounting policies

IFRS are the standards adopted, issued and published by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) both as adopted in the EU.

Application of new and amended standards

The following newly issued standards, standards endorsed during the reporting year or amended standards or interpretations not yet effective were not applied at the start of the preparation of this set of consolidated financial statements. The future impacts of amendments affecting Tempton Group on the consolidated financial statements are either still being examined or are not material.

Initial application of standards, interpretations, and amendments in the financial year reported

Regulation	Title	Application	Effect
IFRS 16	Amendment: Covid-19-related Rent Concessions	01/01/2021	Practical expedient has not been adopted by Tempton
IFRS 4	Amendment: Insurance Contracts – deferral of IFRS 9	01/01/2021	No impact
IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Amendment: Interest Rate Benchmark Reform (Phase 2)	01/01/2021	No impact

Standards, interpretations, and amendments issued, but not yet to be applied

Regulation	Title	Application	Effect
IFRS 3	Amendment: Reference to the Conceptual Framework	01/01/2022	No impact
IFRS 16	Amendment: Property, Plant and Equipment – Proceeds before intended use	01/01/2022	No impact
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	01/01/2022	No impact
IFRS 1, IFRS 9, IFRS 16, IAS 41	Annual Improvements to IFRS Standards 2018 - 2020	01/01/2022	No impact
IFRS 17	New standard: Supersedes IFRS 4 Insurance Contracts: Measurement and presentation of insurance liabilities	01/01/2023	No material effect expected
Amendments to IFRS 17	Amends IFRS 17 to address implementation challenges of IFRS 17	01/01/2023	Not material effect expected

I.1.3 Acquisition of specific assets from insolvent businesses in 2021 and 2020

In 2020 and 2021, Tempton Group acquired various assets from insolvent personnel service providers. For these acquisitions, there were no purchase price allocations because neither of them satisfied the definition of a business as defined in IFRS 3 as of the acquisition date. As stated in IFRS 3.2b), the individual assets identified for acquisition (including those fulfilling the requirements and recognition criteria for intangible assets as specified in IAS 38) were to be identified and recognised. Both "customer base" and "customer contracts" were identified as assets. The acquisition costs of the individual assets identified at the acquisition date were proportionately allocated on the basis of their relative fair value. For further explanations, refer to Note II.8.2.

I.2. Principles of consolidation

The consolidated financial statements comprise the financial statements of Tempton Group GmbH and its subsidiaries as of the 31 December of each financial year. The financial statements of the subsidiaries were prepared using uniform accounting policies and measurement methods for the same reporting period as the financial statements of the parent company.

The reporting date for all the subsidiaries included in the consolidated financial statements is December 31, of the financial year to be reported.

I.2.1 Subsidiaries

Subsidiaries are the companies controlled by Tempton Group GmbH. Control is defined as the company’s ability to control the significant activities of the other entity. Significant activities are those activities affecting the earnings generated by an entity. Subsidiaries are consolidated from the date the parent company can control the subsidiary and ends when control is no longer possible.

Acquisition accounting is applied using the purchase method specified in IFRS 3, under which the acquisition cost of the acquired shares is offset against the proportion of the acquired subsidiary's equity attributable to the parent company at the acquisition date. All identifiable assets, liabilities and contingent liabilities are recognised at fair value and included in the consolidated statement of financial position. If the acquisition cost exceeds the fair value of the net assets attributable to the Group, the difference is capitalised as goodwill.

If the fair value of the net assets attributable to the Group is higher than the acquisition cost of the shares, this results in a bargain purchase. If the bargain purchase remains after another review of the purchase price allocation performed and after determining the fair value of the acquired assets, liabilities and contingent liabilities, it must be recognised in profit or loss. Intercompany receivables and liabilities of entities consolidated are offset against each other. This also applies to intragroup transactions and to intragroup revenue, income, and expenses. Accordingly, the earnings of the subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the date the acquisition becomes effective or until the disposal date.

I.2.2 Scope of consolidation

Tempton Group GmbH as the parent company and 12 subsidiaries were included in the consolidated financial statements of Tempton Group as of 31 December 2021 and 2020. The company directly or indirectly holds 100 % of the shares in each of these subsidiaries. The scope of consolidation has remained unchanged compared to the previous year.
The group companies included in the consolidation are the following domestic companies:

Companies included	**registrated office**	**in capital %**	
TEMPTON Personaldienstleistungen GmbH	Essen	100.00	
TEMPTON Next Level Experts GmbH	Nuremberg	100.00	1)
TEMPTON Outsourcing GmbH	Essen	100.00	2)
TEMPTON Outsourcing OT-BUC Betriebsgesellschaft mbH (formely TEMPTON Outsouricng CC-Lila Betriebs-gesellschaft mbH)	Essen	100.00	2)
TEMPTON Outsourscing CC-FFB Betriebsgesellschaft mbH	Essen	100.00	2)
TEMPTON Outsourcing CN-BUT Betriebsgesellschaft mbH	Essen	100.00	2)
TEMPTON Outsourcing TW-KAL Betriebsgesellschaft mbH	Essen	100.00	2)
TEMPTON Outsourcing OT-GRE Betriebsgesellschaft mbH	Essen	100.00	2)
TEMPTON Technik GmbH	Nuremberg	100.00	
TEMPTON Verwaltungs GmbH	Essen	100.00	
TEMPTON Kundenservice GmbH	Essen	100.00	
TEMPTON Personalservice GmbH	Essen	100.00	

Non-included companies	registrated office	in capital %	
TEMPTON Personaldienstleistungen GmbH i. L.	Cologne	100.00	3)

[1] indirect ownership (The shares are held by TEMPTON Personaldienstleistungen GmbH, Essen.)

[2] indirect ownership (The shares are held by TEMPON Next Level Experts GmbH, Nuremberg.)

[3] indirect ownership (The shares are held by TEMPTON Technik GmbH, Nuremberg.). Tempton Personaldienstleistungen GmbH i.L. does not have any active business operations and does not generate any revenue.

I.3. Presentation of accounting policies

I.3.1 General information

The consolidated financial statements were prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration paid in exchange for the asset.
The statement of financial position is presented in accordance with company's current and non-current assets and liabilities. The statement of comprehensive income is prepared by applying the nature of expense method for calculating the consolidated net profit for the period.

I.3.2 Reporting currency

The consolidated financial statements are prepared in Euro as the Group's transactions are conducted in this currency. Unless stated otherwise, all figures are rounded up or down to thousands of euros in accordance with standard commercial practice. The amounts are stated in Euro (€), in thousands of Euro (€ thousand) or in millions of Euro (€ million).

I.3.3 Intangible assets

Intangible assets not acquired as part of a business combination are initially carried at cost. The cost of an intangible asset acquired in a business acquisition corresponds to its fair value at the acquisition date.

Intangible assets are recognised when it is probable that the future economic benefits attributable to the asset will be received by the entity and the cost of the asset can be reliably measured.

For the purposes of subsequent measurement, intangible assets are recognised at cost less cumulative amortisation and cumulative impairment losses (reported under amortisation). Intangible assets (excluding goodwill) are amortised on a straight-line basis over their estimated useful lives. Scheduled amortisation begins as soon as the intangible asset is brought into operation. The amortisation period and method are reviewed at the end of each financial year. An intangible asset is impaired if the recoverable amount – the higher of fair value less costs to sell and value in use – is lower than the carrying amount.

The Group does not have any intangible assets with indefinite useful lives.

The cost of acquiring new software is capitalised and treated as an intangible asset unless it is an integral part of the associated hardware. Software is amortised on a straight-line basis over a period of three to five years.

Costs incurred to restore or maintain the future economic benefits that the company had originally expected are recognised as an expense.

Gains and losses from disposing intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and they are recognised in profit or loss in the period in which the asset is disposed.

I.3.4 Goodwill

Goodwill from business combinations is the excess of the cost of the business combination over the Group's equity interest at the fair value of the identifiable assets, liabilities, and contingent liabilities of the acquiree.

Goodwill is not amortised but is tested for impairment. In general, an impairment test is performed once a year after the planning has been finalised. Goodwill is then remeasured when an indication exists that the value of a cash-generating unit has decreased. For impairment testing, the goodwill acquired in a business combination is allocated to the cash-generating units (CGUs) of the Group benefiting from the combination starting at the acquisition date. Goodwill is then written down if the recoverable amount of a cash-generating unit is lower than its carrying value. Once recognised, impairment losses are not reversed in future periods.

I.3.5 Property, plant and equipment

Property, plant and equipment is recognised at cost less cumulative depreciation and cumulative impairment losses. The cost of an individual asset of property, plant and equipment consists of the purchase price and other non-refundable purchase taxes incurred in connection with the purchase as well as all direct costs incurred to bring the asset to its location and to put it into operation for its intended use. Subsequent costs, such as servicing and maintenance costs incurred after the non-current asset has been put into operation, are expensed in the period incurred. If it is likely that an expenditure will lead to additional future economic benefits to the company in excess of the originally assessed standard of performance of the existing asset, the expenditure is capitalised and depreciated.
Additions are measured at their fair value calculated at the acquisition date, which is then depreciated over the subsequent periods of the asset's useful life.
Depreciation is calculated on a straight-line basis over the expected useful economic life, assuming a residual value of € 0.00. The following estimated useful lives are applied for individual asset groups:

- Buildings and exterior installations:	5 to 50 years
- Technical equipment and machinery:	1 to 21 years
- Other office equipment:	2 to 23 years

Land is not depreciated.

The useful economic lives, the depreciation method applied in depreciating property, plant and equipment and the residual values are periodically reviewed.
If items of property, plant and equipment are disposed or scrapped, the corresponding costs and the cumulative depreciation are derecognised. The profit or loss resulting from the sale of an asset of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in profit or loss.

I.3.6 Leasing

All contracts transferring the right to use a specific asset for a period of time in return for consideration are defined as leases. This also applies to contracts that do not expressly describe the transfer of such a right. The Group is a lessee of properties and vehicles.

The Group recognises right-of-use assets for leased assets, and liabilities for the payment obligations entered into for all leases at present value in its consolidated statement of financial position. Lease liabilities include the following lease payments:

- fixed payments, including in-substance fixed payments, less lease incentives to be paid by the lessor;
- variable payments that depend on an index or another specified rate;
- amounts expected to be payable on the basis of residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lessee expects to exercise the option to terminate the lease prior to the end of the lease term.

Lease payments are discounted at the implicit borrowing rate in the lease if this can be readily determined. Otherwise, they are discounted at Group's incremental borrowing rate. Tempton Group uses the incremental borrowing rate. The incremental borrowing rate is a risk-adjusted interest rate derived for the specific lease term and currency. The credit ratings of the individual member entities of the Group have been considered.

A right-of-use asset is initially measured at cost as of the commencement date of the lease. The right-of-use asset is calculated using the initial measurement of the lease liability plus the lease payments made on or before the commencement date of the lease less any incentives received, initial direct costs incurred by the lessee and an estimate of costs to be incurred by the Group to dismantle and remove the underlying asset, to restore the location site or the underlying asset to the condition required by the terms of the lease agreement. A right-of-use asset is subsequently measured at cost less cumulative depreciation and adjustments required to remeasure the lease liability upon the occurrence of certain events. A right-of-use asset is depreciated on a straight-line basis over the term of the lease.

For contracts that contain lease and non-lease components, these components are separately evaluated.

Many leases, primarily for property, include extension options. These contractual terms offer the Group flexibility and benefits at inception. When determining the lease term, all facts and circumstances that create an economic incentive to exercise extension options are considered. When determining the term of the lease, such options are only considered if they are reasonably certain to be exercised. The assessment of whether options are reasonably certain to be exercised affects the term of the lease and can therefore have a significant influence on the measurement of lease liabilities and right-of-use assets.

Tempton Group exercised the option under IFRS 16 not to recognise right-of-use assets and lease liabilities for low-value leases (i.e., the value of an underlying asset of € 5 thousand or less at acquisition) and short-term leases (remaining term of twelve months or less). The lease payments associated with these leases are recognised as an expense on a straight-line basis over the term of the lease.
Tempton Group has no investment property.

I.3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of acquisition or production costs. Tempton Group defines qualified assets as construction projects or assets requiring at least twelve months to bring into an operable or sellable condition. Borrowing costs are not recognised in inventories.

I.3.8 Impairment of non-financial assets (including goodwill)

Non-financial assets are tested for impairment when facts or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For impairment testing, the recoverable amount of the asset or the cash-generating unit (CGU) must be determined. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The fair value less costs to sell is defined as the price obtainable from the sale of an asset or CGU between knowledgeable, willing, and independent parties less costs of disposal. The value in use of an asset or CGU is determined by the present value of an estimated anticipated cash flow on the basis of its current use. If the recoverable amount falls below the carrying amount, an impairment loss in the amount of the difference is recognised in profit or loss.

The recoverable amount is determined by applying the discounted-cashflow (DCF) model to the extent a fair value measurement is not possible. DCF calculations are used internally and are the basis for deriving 5-year forecasts used in financial planning approved by management. The planning horizon selected reflects the assumptions made about how the market will develop in the short and medium terms. Cash flows exceeding this 5-year period are calculated by applying the appropriate growth rates. The significant assumptions management made in calculating the recoverable amount are explained in Section 4 Material judgements, estimates and assumptions of this chapter.
An adjustment of an impairment recognised in profit or loss in previous years is reversed for an asset (except for goodwill) if there are any indications that the impairment no longer exists

or has decreased. The reversal is recognised in income in the consolidated statement of comprehensive income. However, the increase in value (or reversal of an impairment) of an asset is only recognised to the extent that it does not exceed the carrying amount that would have resulted if no impairment loss had been recognised in the previous years (taking depreciation into account).

I.3.9 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

On initial recognition, financial assets are classified as subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

The classification of financial assets on initial recognition is dependent on the characteristics of the contractual cash flows of the financial assets and the Group's business model for managing its financial assets. Except for trade receivables and contract assets which do not contain a significant financing component, the Group initially recognises a financial asset at its fair value plus transaction costs. In cases when a financial asset is not recognised at fair value, it is recognised through profit or loss. Trade receivables that do not contain a significant financing component are initially recognised at the transaction price calculated in accordance with IFRS 15.

To ensure that a financial asset can be classified and measured at amortised cost or fair value through other comprehensive income, cash flows must consist solely of payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the level of the individual financial instrument.

The Group's business model for managing financial assets reflects how an entity manages its financial assets to generate cash flows. Depending on the business model, cash flows are generated from collecting contractual cash flows, from the sale of financial assets or from a combination of both.

Purchases or sales of financial assets requiring a delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised at the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through profit or loss or through other comprehensive income with the reclassification of cumulative gains and losses (debt instruments);
- financial assets at fair value through profit or loss or through other comprehensive income without the reclassification of cumulative gains and losses on derecognition (equity instruments);
- financial assets at fair value through profit or loss;

Financial assets at amortised cost (debt instruments);

Financial assets recognised in Tempton Group’s consolidated financial statements are classified exclusively as financial assets at amortised cost. The Group measures financial assets at amortised cost when both of the following conditions have been met:

- the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding at specified dates.

Financial assets measured at amortised cost are subsequently measured using the effective interest rate method and tested for impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Group's financial assets measured at amortised cost comprise of trade receivables, contract assets and other financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the right to receive cash flows from the asset has expired;
- the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party

under a "pass – through" arrangement; and either (a) the Group has substantially transferred all the risks and rewards of the asset or (b) the Group has substantially neither transferred nor retained all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has substantially neither transferred nor retained all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In such a case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises impairment for expected credit losses on all debt instruments not measured at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows payable and the total cash flows the Group expects to receive. The cash flows forecast include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages. For financial instruments for which the risk of default has not significantly increased since the initial recognition, a loss allowance is recognised in the amount of the expected cash shortfalls in the event of default within the next twelve months [12-month expected credit loss (ECL)]. For financial assets for which the risk of default has significantly increased since the initial recognition, an entity must recognise the lifetime expected credit losses regardless of when a default event may occur (lifetime ECL).

The Group uses a simplified method for calculating the expected credit losses on trade receivables and contract assets. It does not track changes in credit risks; instead it recognises a loss allowance at the end of each reporting period based on the lifetime ECL. On the basis of its past experience of credit losses, the Group has prepared a matrix that is adjusted for future factors if specific future factors for the borrower and for the economic environment can be determined at reasonable expense.

The Group considers a financial asset to be in default if contractual payments are 120 days past due and if a subsequent detailed review of the debtor does not reveal any other information.

Moreover, the Group assumes in certain cases that a financial asset is in default if internal or external information indicates that it is unlikely that the Group will receive the outstanding contractual amounts in full before all credit enhancements held are considered. A financial asset is written down when there is no valid expectation that the contractual cash flows will be collected.

Financial liabilities

Initial recognition and measurement

At initial recognition, financial liabilities are classified either as financial liabilities at fair value through profit or loss, as loans and borrowings, as payables, or as derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are initially recognised at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, contract liabilities, other liabilities, and loans, including overdrafts.

Subsequent measurement

The measurement of financial liabilities is dependent on their classification. However, the Group has no financial liabilities classified at fair value through profit or loss.

Loans and liabilities

After initial recognition, these financial liabilities are remeasured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised using the effective interest rate (EIR) amortisation method.

Amortised cost is calculated by considering any discount or premium at acquisition and fees or costs that are an integral part of the effective interest rate. The EIR amortisation amount is included as finance costs in the consolidated statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation underlying the liability is either discharged or terminated or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and is deemed to be a recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Compound financial instruments

Compound financial instruments issued by the Group comprise of one convertible note denominated in Euros that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary by changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised as the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity, and no gain or loss is recognised.

I.3.10 Derivative financial instruments

The Group does not have derivative financial instruments.

I.3.11 Inventories

Inventories are reported at the lower of cost or net realisable value (less costs necessary to make the sale) by taking their planned use into account. Raw materials, consumables, supplies and purchased goods are measured at cost using the average price method or, if lower, at their market prices at the end of the reporting period. The costs of finished and unfinished work in progress, in addition to the costs of materials used in construction, labour and pro rata material and production overheads, are considered when assuming normal capacity utilisation. Appropriate write-downs were recognised for inventory risks evidenced by obsolescence and reduced usability.

I.3.12 Contract assets and contract liabilities

Refer to the revenue section of this chapter for accounting treatment of contract assets and contract liabilities.

I.3.13 Cash and cash equivalents

Cash and cash equivalents shown in the consolidated statement of financial position comprise of cash on hand and bank balances; they have maturities of up to three months at initial recognition. Cash and cash equivalents are measured at cost.

I.3.14 Provisions

Provisions are reported when the Group has a current (legal or constructive) obligation due to a past event, when it is probable that fulfilment of the obligation will lead to an outflow of resources embodying economic benefits and when the amount of the obligation can be reliably estimated. If the Group expects at least a partial refund of a provision recognised as a liability, the refund is recognised as a separate asset provided receipt of the refund is virtually certain. The expense from recognising the provision is reported in the consolidated statement of comprehensive income less the refund.
Provisions are reviewed at the end of each reporting period and adjusted to the current best estimate. The amount of a provision corresponds to the present value of the expenses expected to be incurred to fulfil the obligation. The effect of unwinding of provisions over time is recognised as an interest expense.

I.3.15 Pensions and other post-employment benefits

Defined benefit pension plans are measured in accordance with IAS 19. For defined benefit pension plans, the obligation is recognised in the consolidated statement of financial position as a pension provision. These pension commitments are defined benefit plan commitments and are therefore measured in accordance with actuarial principles using the projected unit credit method. This provision is calculated based on assumptions, such as an expected discount rate, life expectancy, future salary and pension increases. Changes in these assumptions can significantly influence the amount of future pension costs. Pension obligations are calculated based on the biometric accounting principles of the Heubeck 2018G mortality tables.
The defined benefit obligations are partially offset by plan assets.

Pension provisions are valued using the actuarial projected unit credit method as required for defined benefit plans. Such calculations consider both the pensions and the vested benefits known at the reporting date and expected future increases in salaries and pensions. The interest rate used for determining the present value of the obligations is based on the yields on senior fixed-interest bearing corporate bonds in the relevant currency zone. The income from plan assets and expenses is derived from the accrued interest on the obligations recognised in the financial result. Service costs are classified as personnel costs. Past service costs resulting from a change in the pension plan are recognised in the consolidated statement of comprehensive income in the period of the change. Gains and losses resulting from adjustments and changes in actuarial assumptions are recognised in other comprehensive income and cumulated in equity in the period in which they arise.

Actuarial gains and losses are reported in the consolidated statement of other comprehensive income. The interest expense from discounting pensions is reported in net finance costs.

Defined contribution plans exist in the form of retirement, disability and survivors' benefits, which is based on length of service and salary. The employer's contributions to the statutory pension insurance to be paid in Germany are defined as defined contribution plans. Payments to defined contribution plans in the Group relate to contributions to statutory pension insurance in Germany. Payments for defined contribution pension plans are expensed as incurred.

I.3.16 Revenue recognition

Revenue is recognised based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Revenue is recognised when the customer acquires control of the goods or services. The customer obtains control when the goods and products are delivered or accepted. Revenue from service transactions is only recognised when it is sufficiently probable that the economic benefits associated with the transaction will be remitted to the Group. Service revenue is recognised in the accounting period in which the services in question are rendered, thereby giving the customer the benefit from the completion of the service. An additional requirement to recognise revenue is that a contract with enforceable rights and obligations exists and that, among others, the receipt of consideration is probable – depending on the creditworthiness of the customers. The revenue corresponds to the transaction price that Tempton Group is presumably entitled to receive. If a contract includes several separable goods or services, the transaction price is allocated to the performance obligations of each separate goods or services based on its selling price. Revenue for each service obligation is realised at a point in time or over time.

Revenue generated by the Personnel Services unit

In accordance with IFRS 15, revenue from the Tempton Personnel Services business unit is recognised over time corresponding to the amount of time services are rendered. The basis for services revenue is the hourly rate agreed upon with the customer and the time worked (e.g. hours worked) disclosed on the activity report. Services rendered are invoiced to the customer on a daily or monthly basis. In general, the Personnel Services business unit does not have any contract assets or contract liabilities.

Revenue generated by the Outsourcing unit

In accordance with IFRS 15, revenue from the Tempton Outsourcing business unit is recognised over time corresponding to time worked, which is calculated with the agreed amount per deliverables engagement. The basis for the agreed services regulations is the customer’s assignment and performance journal. In general, Tempton will invoice for services generated by the Outsourcing unit on a weekly or monthly basis. As a result, the Outsourcing business unit does not generate any contract assets or contract liabilities.

Revenue generated by the Next Level unit

The Next Level business unit offers human resources consulting, temporary experts / freelancers, engineering and planning services and C-level services. In accordance with IFRS 15, revenue from the Next Level business unit is recognised – except for human resources consulting – over time corresponding to time spent. The basis for determining services rendered is the hourly rate agreed to with the customer and time spent (e.g. hours worked) disclosed in the activity report. Services and other performance obligations rendered are invoiced to the customer on a weekly or monthly basis. Human resources consulting includes recruitment services. The basis for recognising revenue from the human resources consulting business unit are the service contracts executed with the customer. The contracts stipulate that Next Level is entitled to a one time-fee once there is an executed employment contract between the candidate presented and the customer. The agreed fee is recognised as revenue at this point in time. Based on these revenue models, the Next Level business unit does not have any contract assets or liabilities.

Revenue in the Technology business unit

In accordance with IFRS 15, revenue from the Tempton Technology business unit is recognised over time since the customers always have control of the assets created or improved. Realisation occurs on the basis of master agreements. The transaction price is allocated to separate performance obligations on the basis of cost estimates. Tempton Technology uses the value of a contract agreed upon with the principal for determining the transaction project price.

Revenue from these projects is recognised over time using the input-oriented method on the basis of work performed to date. The work performed and the corresponding revenues are calculated at the contract level. The time incurred as a percentage of the total project is the best indicator of budget overruns or deviations due to unforeseen circumstances. Work performed will be determined by the system permanently.

Contract assets represent Tempton Technology's claim to consideration from customer contracts. If a contract asset for a project exceeds the customer advances received, it is recognised as a contract asset. Vice versa, amounts are reported under the item contract liabilities.

Payments for Tempton Technology projects are made in accordance with completed performance obligations based on invoices issued.

If it is likely that the cost will exceed the recoverable amount, a provision for onerous contracts is recognised in accordance with IAS 37. This is analysed on a case-by-case basis to recognise the amount required for settling the present obligation under contract. In such cases, impairment is recognised up to the amount of the contract asset or – if the contract asset is exceeded – a provision for onerous contracts is recognised in short-term provisions.

Inventories not yet used in the project but already available are reported separately under inventories. Work completed and invoiced is recognised under trade receivables.

Incremental work in connection with such projects is work that cannot be charged under existing contractual agreements and whose chargeability or acknowledgement has yet to be agreed upon with the principal. While the costs are recognised in profit or loss when incurred, the revenue from incremental work is recognised after the principal's written acknowledgement or if payment for incremental work has been received.

I.3.17 Government grants

Government grants related to assets are deducted from the carrying amount when there is reasonable assurance that

- Tempton will comply with the conditions attaching to them and
- The grants will be received

They are recognized in profit or loss over the life of the depreciable asset as a reduced depreciation expense. If the Group becomes entitled to a grant subsequently, the amount of the grant attributable to prior periods is recognized in profit of loss.

Government grants related to income, i.e. that compensate the Group for expenses incurred, are recognised in profit or loss for the period in which the expenses to be compensated by the grants are also recognized.

I.3.18 Taxes

Current income taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount of the tax refund expected to be received from the tax authorities or from the tax payment expected to be made to the tax authorities. The calculation is based on tax rates and tax laws applicable for the entities at the end of the reporting period.

Deferred taxes

In accordance with IAS 12, deferred taxes are recognised for tax loss carryforwards and for temporary differences using the liability method as of the reporting date between the carrying amount of an asset or liability in the consolidated statement of financial position and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of deferred tax liabilities from the initial recognition of goodwill or of an asset or liability from a transaction that does not constitute a business combination and does not affect the accounting profit before taxes or the taxable profit as of the transaction date.

Deferred tax assets are recognised for all deductible temporary differences, unused tax loss carryforwards and unused tax credits to the extent that it is probable that taxable income will be available against deductible temporary differences and unused tax loss carryforwards and tax credits can be utilised. Deferred tax assets are not recognised from deductible temporary differences due to the initial recognition of an asset or liability from a transaction that does not constitute a business combination and does not influence the accounting profit before taxes or the taxable profit as at the transaction date.

The carrying amount of deferred tax assets is tested at the end of each reporting period and reduced to the extent that it is no longer probable that a sufficient taxable result will be available against which the deferred tax asset can be partially utilised. Unrecognised deferred tax assets are tested at the end of each reporting period and recognised to the extent that it is probable that a taxable result in the future will allow deferred tax assets to be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which an asset is realised or a liability is settled. This is based on the tax rates and tax laws for the entities applicable at the end of the reporting period. Future changes in the tax rates must be considered at the end of the reporting period if the material conditions for validity in a legislative process have been fulfilled.

Deferred taxes are reported as tax income or expense in the consolidated statement of comprehensive income unless they relate to items reported directly in equity, in which case such deferred taxes are reported in other comprehensive income and cumulated in equity. Deferred taxes and tax liabilities are offset against each other if the Group has a legally enforceable right to set off tax assets against tax liabilities and if they relate to income taxes of the same taxable entity levied by the same tax authorities.

I.3.19 Contingent liabilities and contingent assets

Contingent liabilities are either potential obligations that could lead to an outflow of resources but whose existence will be determined by the occurrence or non-occurrence of one or more future events, or current obligations that do not fulfil the criteria for being recognised as a liability. They are disclosed separately in the notes unless the probability of an outflow of resources embodying economic benefits is low. In the current year, contingent liabilities comprise of guarantees and other commitments.

In the context of business combinations, contingent liabilities are recognised in accordance with IFRS 3.23 if their fair value can be reliably determined. Contingent assets are not reported in the consolidated financial statements and are disclosed in the notes when receipt of economic benefits is probable.

I.4. Material judgements, estimates and assumptions

During the preparation of the consolidated financial statements in accordance with IFRS, estimates and assumptions are established. These influence the amounts recognised in assets, liabilities, and financial obligations as of the reporting date and the amounts reported in expenses and income. The actual amounts can differ from such estimates.

Below we explain future assumptions and other key sources of estimation uncertainty at the end of the reporting period resulting in a considerable risk that a major adjustment to the carrying amounts of assets and liabilities may be required during a subsequent financial year.

Impairment of non-financial assets

The Group determines whether there are any indications of non-financial assets that require impairment at the end of each reporting period. Goodwill with an indefinite useful life is tested for impairment at least once a year. Other non-financial assets are tested for impairment when indications exist that the carrying amount is higher than the recoverable amount. To calculate the value in use, management estimates the expected future cash flows of the asset or of the cash-generating unit and selects an appropriate discount rate for determining the present value of such cash flows.

Pensions obligations

The expense from defined benefit plans post-employment is determined using actuarial calculations. The actuarial calculation is based on assumptions regarding discount rates, mortality, and future salary and pension increases. Due to the long-term nature of these assumptions such estimates are subject to significant uncertainty.

Provisions

Provisions are recognised and measured based on an assessment of the probability of future outflow of benefits using data from past experience and circumstances known at the end of the reporting period. The actual obligation can differ from the amounts recognised as provisions.

Deferred tax assets

Deferred tax assets are recognised for all unused tax loss carryforwards and for temporary differences to the extent that it is probable that taxable income will be realised, i.e., the loss carryforwards can actually be used. To calculate deferred tax assets, management makes judgements regarding expected timing and amount of future taxable income and future tax planning strategies. The planning period considered for the probability assessment is determined by the circumstances at the respective member entity of the Group and is generally between one and five years.

Revenue from contracts with customers

The personnel services business unit is the core segment of Tempton Group and accounts for approximately 90 % of Tempton's sales. Revenue generated by personnel services is recognised over time. Significant judgements and allocations are limited due to minimum monthly invoicing of services rendered.

Tempton Technology recognises transaction in accordance with construction contracts over time, for which revenue is recognised on the percentage of completion method requiring estimations for percentages of specific stages of completion. Depending on the assumption applied in determining the percentage of completion, the material estimates comprise the total contract costs, the costs to be incurred until completion, the total contract revenue, the contract risks, and other judgements. The estimates are continuously reviewed by the company's management and adjusted as necessary.

Leasing

Lease accounting involves significant judgements in accordance with IFRS 16 related to real estate leasing agreements, extension options at the end of a base term (including subsequent automatically extending rental periods), which were not included in measuring the leasing liability. Judgement is required as exercising of these options is not reasonably certain. Tempton Group could replace these assets without any significant costs or disruption in operations. After utilisation begins, the probability of exercising such an option would only then be reassessed if a significant event or a significant change in the circumstances occurs that would have an effect on the original assumptions and if such events or changes occurred under the control of the lessee. The Group reassesses the term of the leasing relationship when an option is to be exercised or if the Group had the obligation to evaluate an option to exercise. For further explanations concerning leasing, refer to the explanations in Note I.3.6 and Note II.14.

II. Notes to the consolidated statement of financial position

II.1. Cash and cash equivalents

Cash and cash equivalents amounted to € 31,836 thousand in 2021 (previous year: € 23,322 thousand) and is comprised of cash in banks and cash on hand for both years. Cash and cash equivalents were classified to the item amortised cost.

II.2. Trade receivables

The carrying amounts of trade and other receivables as of 31 December were determined as follows:

thousands of €	2021	2020
Trade receivables	33,312	25,587
Less specific valuation allowances	-20	-50
Less expected credit losses	-17	-37
Total	**33,275**	**25,500**

II.2.1 Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recorded at amortised cost. They are generally due in the short term and are classified as current assets. Trade receivables are initially recognised at the amount of unconditional consideration, as they do not contain significant financing components. The Group holds trade receivables to collect contractual cash flows, and subsequently remeasures amounts to amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are disclosed in Note I.3.8.

II.2.2 Income from incoming payments received

In 2021, Tempton received payments for receivables previously written off in an amount of € 44 thousand (previous year: € 104 thousand).

II.2.3 Factoring

For selected customers a portion of the trade receivables were sold as part of a revolving factoring agreement. Tempton Group is solely liable for the legal existence of the receivables sold. The factor bears the risk of the debtor defaulting on the receivables purchased and the line of factoring is limited to a revolving amount of € 7,500 thousand (previous year: € 5,000 thousand). Over the entire year 2021, the volume of pre-financing amounted to € 33,774 thousand (previous year: € 29,316 thousand). As of 31 December 2021, € 3,134 thousand (previous year: € 2,648 thousand) were sold to the factoring company and recognised. The remaining purchase price was recognised in other financial assets and was due upon receipt of payment, or at the latest upon occurrence of a case of del credere.

II.2.4 Fair value of trade receivables

Current receivables are short term in nature and the carrying amounts are considered to be materially consistent with their fair value.

II.3. Contract assets and contract liabilities

The Tempton Group recognised the following assets and liabilities as of 31 December related to contracts with customers:

thousands of €	**2021**	**2020**
Current contract assets	1,432	1,016
Loss allowance	-1	-1
Total contract assets	**1,431**	**1,015**
Total contract liabilities	**342**	**452**

No costs for initiating or fulfilling contracts were recognised as separate assets in the current year (previous year: none). The Group also recognised a loss allowance for contract assets in accordance with IFRS 9. Refer to Note I.3.12 for further information.
Contract liabilities for contracts settled by Tempton Technology decreased due to the fulfillment of performance obligations.

II.4. Current income tax receivables

Current income tax receivables as of 31 December are presented as follows:

thousands of €	2021	2020
Corporate income tax	311	175
Trade tax	333	95
Total	**644**	**270**

II.5. Other financial assets

Other financial assets as of 31 December are presented as follows:

thousands of €	2021		2020	
	Total	Of which: current	Total	Of which: current
Rent security deposits	1,441	183	2,690	772
Claims arising from re-insurance policies	1,084	0	1,083	0
Security retention in the course of factoring	436	436	371	371
Claims arising from working time accounts	160	160	114	114
Receivables against Federal Employment Agencies due to short-time work	7	7	83	83
Suppliers with debit balances	75	75	66	66
Insurance reimbursements	2	2	25	25
Call option additional bond	557	557	0	0
Others	118	118	149	72
Total	**3,880**	**1,539**	**4,581**	**1,503**

In line with the previous year, the Group has not impaired any receivables in the current year.
As of the reporting date, there were no indications that the debtor of the other assets would not be able to meet their payment obligations.
Current receivables contained advance payments amounting to € 0 thousand (previous year: € 0 thousand).

II.6. Inventories

thousands of €	2021	2020
Raw materials and supplies	685	555
Work in progress	89	25
Total	**774**	**580**

In 2021, impairments for inventories amounted to € 0 thousand (previous year: € 95 thousand).

II.6.1 Allocating costs to inventories

Raw materials and supplies are valued using the weighted average cost method.

II.6.2 Amounts recognised in profit or loss

Inventories expensed during the 2021 reporting year amounted to € 1,496 thousand (previous year: € 2,003 thousand). These were included in the cost of raw materials and supplies.
Inventories written down to the net realizable value amounting to € 0 thousand (previous year: € 0 thousand).

II.7. Other current assets

Other current assets maturing within one year are presented as follows:

thousands of €	2021	2020
Claims for compensation for losses of earnings due to quarantine	722	0
Partial purchase price restitution	546	320
VAT receivables	340	374
Claims arising from short-time working allowance	303	1,549
Prepaid expenses	252	255
Others	51	1
Total	**2,214**	**2,499**

II.8. Other intangible assets

Refer to the statement of changes in non-current assets for information on the development of other intangible assets.

thousands of €	Concessions, industrial property rights and similar rights	Tempton App	Customer base	Customer contracts	Total
Cost					
At 1 January 2020	785	1,489	1,583	286	4,143
Additions	26	894	1,513	203	2,636
Disposals	224	0	0	0	224
Reclassifications	0	0	0	0	0
At 31 December 2020	587	2,383	3,096	489	6,555
Additions	27	1,307	1,049	182	2,565
Disposals	-145	0	0	0	-145
Reclassifications	0	0	0	0	0
At 31 December 2021	469	3,690	4,145	671	8,975
Accumulated amortisation and impairment losses					
At 1 January 2020	-638	-342	-247	-286	-1,513
Additions (amortisation)	-75	-557	-429	-126	-1,187
Disposals	224	0	0	0	224
Reclassifications	0	0	0	0	0
At 31 December 2020	-489	-899	-676	-412	-2,476
Additions (amortisation)	-64	-1,046	-786	-259	-2,155
Disposals	145	0	0	0	145
Reclassifications	0	0	0	0	0
At 31 December 2021	-409	-1,945	-1,462	-671	-4,487
Net carrying amounts					
At 31 December 2020	98	1,484	2,420	77	4,079
At 31 December 2021	60	1,745	2,683	0	4,488

As of 31 December 2021, no material commitments existed for acquiring any intangible assets (previous year: € 0 thousand). In 2021 and 2020, additions in other intangible assets were acquired separately and there were no expenditures for research and development.
In 2021 and 2020, there were no impairment losses recognised or reversed in profit or loss.

II.8.1 Amortisation methods and useful lives

The Group amortises intangible assets with limited useful lives over the straight-line method over the following periods:

- Patents, trademarks, and licences 3 to 5 years
- IT development and software 3 to 5 years
- Customer contracts and relationships 1 to 5 years

For the Group's impairment policy, refer to Note I.3.3 Intangible assets for the other accounting policies related to intangible assets and to Note I.3.8 Impairment of non-financial assets (including goodwill). Amortisation is included in the statement of profit or loss in "Depreciation and amortisation".

II.8.2 Customer contracts and relationships

Customer contracts were acquired from insolvent personnel service providers in 2021 and 2020. They were recognised at their fair values at the date of acquisition and were subsequently amortised on a straight-line basis over the estimated useful life of the contracts' projected cash flows.

II.8.3 Significant estimates: useful lives of Tempton APP intangible assets

Tempton has been continuously developing the Tempton APP application under a work contract framework. As of 31 December 2021, the carrying amount of this software was € 1,745 thousand (previous year: € 1,484 thousand). The Group estimates the useful life of the APP software to be at least five years in line with expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than five years, depending on technical innovations and competitor actions. If the useful life were four years, the carrying amount would be € 1,011 thousand as of 31 December 2021. If the useful life were eight years, the carrying amount would be € 2,596 thousand.

II.9. Goodwill

Goodwill amounts to € 10,646 thousand (previous year: € 10,646 thousand) and is fully attributable to personnel services business unit as of 31 December 2021 and remained unchanged from the previous year.

II.9.1 Impairment test for goodwill

Goodwill is monitored by management at the operating segment personnel services level. In accordance with IAS 36, goodwill must be tested for impairment on an annual basis. The value of a cash-generating unit is compared to its carrying amount. For the cash-generating unit personnel services, the recoverable amounts determined as of 31 December 2021 and 2020 were estimated to be higher than their carrying values. Thus, no impairment losses have been recognised.
The table below provides an overview of the key factors to determine the recoverable amount of the cash-generating personnel services using the discounted cash flow model. The assumptions presented below were completed for the purpose of the annual impairment test and are very conservative compared with the company's business plan. Impairment risks for goodwill did not arise due to the significant excess of recoverable amount over carrying amount. The forecasts for the annual impairment test were based on past experience, current operating results, external market assumptions and management's assessment of future developments. The development of revenue and the EBIT-margin were based on planning employee capacities calculated in hours and related hourly rates. The long-term growth rate is the average growth rate used to estimate cash flows beyond the budget period. The rates are consistent with long-term inflation expectations. The pre-tax discount rate reflects specific risks relating to the relevant segment.

	2021	2020
Carrying amount of goodwill (thousands of €)	10,646	10,646
Impairment (thousands of €)	0	0
Detailed planning period (in years)	5	5
Annual revenue growth rate (in %)	1.5	1.5
Long term growth rate (in %)	1.5	1.5
EBIT-Margin (in %)	5.6	5.6
Pre-tax discount rate (in %)	14.86	15.6
Level allocation of input parameters	Level 3	Level 3

Changes in the calculation parameters used for impairment testing may influence the fair values of cash-generating units. A sensitivity analysis was performed for the various cash-generating units by applying a 3.0 percentage points higher discount rate, a decrease in the growth rate of 2 percentage points and a decrease in EBIT of 10.0 percentage points. The result of the sensitivity analysis has not indicated any required impairment losses for 2021 and 2020. The 2021 and 2020 impairment analysis have shown a significant excess of recoverable amount over carrying amount.

II.10. Property, plant and equipment

The statement of changes in property, plant and equipment is presented as follows:

thousands of €	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Total
Cost				
At 31 December 2019	4,063	363	7,364	11,790
Additions	706	0	2,512	3,218
Disposals	-134	-113	-1,017	-1,264
Reclassifications	0	0	0	0
At 31 December 2020	**4,635**	**250**	**8,859**	**13,744**
Additions	284	0	1,756	2,040
Disposals	-64	0	-551	-615
Reclassifications	0	0	0	0
At 31 December 2021	**4,855**	**250**	**10,064**	**15,169**
Accumulated amortization and impairment losses				
At 31 December 2019	-551	-277	-4,118	-4,946
Additions (amortization)	-157	-32	-1,088	-1,277
Disposals	121	113	964	1,198
Reclassifications	0	0	0	0
At 31 December 2020	**-587**	**-196**	**-4,242**	**-5,025**
Additions (amortization)	-172	-8	-1,401	-1,581
Disposals	32	0	538	570
Reclassifications	0	0	0	0
At 31 December 2021	**-727**	**-204**	**-5,105**	**-6,036**
Net carrying amounts				
At 31 December 2020	4,048	54	4,617	8,719
At 31 December 2021	4,128	46	4,959	9,133

As of 31 December 2021, no material commitments exist for acquiring intangible assets (previous year: € 0 thousand). In 2021 and 2020, there were no impairment losses recognised or reversed in profit or loss.

II.10.1 Non-current assets pledged recognition

Information on non-current assets pledged as collateral by the Group are disclosed in Note II.13.1 and Note II.13.6.

II.10.2 Borrowing costs

The Group recognised borrowing costs relating to qualified assets in the amount of € 89 thousand for the 2020 reporting year and € 0 thousand for the 2021 reporting year. These capitalised borrowing costs were attributed to construction measures for the headquarters in Essen.

II.10.3 Depreciation methods and useful lives

Property, plant and equipment is recognised at historical cost less depreciation.
Depreciation was calculated using the straight-line depreciation method to allocate the acquisition cost or remeasured values of the assets, net of their residual values, over their estimated useful lives as follows:

- Buildings: 50 years
- Technical equipment, machinery and other equipment: 1 to 21 years

II.11. Right-of-use assets

II.11.1 Amounts recognised in the statement of financial position

Right-of-use assets capitalised in each asset class as of 31 December 2021 and 2020 is presented as follows:

thousands of €	2021	2020
Branch office buildings	4,340	3,442
Vehicles	2,779	2,664
Total	**7,119**	**6,106**

Additions to the right-of-use assets amounted to € 6,168 thousand in the 2021 financial year (previous year: € 4,249 thousand).

II.11.2 Amounts recognised in the statement of profit or loss

Depreciation on right-of- use assets in the 2021 and 2020 financial years are presented as follows:

thousands of €	2021	2020
Branch office buildings	2,987	2,693
Vehicles	2,167	1,976
Total	**5,154**	**4,669**

In 2021 and 2020, there were no impairment losses or reversals recognised in profit or loss.

Furthermore, the statement of profit or loss includes the following amounts related to leases:

thousands of €	2021	2020
Interest expense (included in interest expense and similar income)	56	49
Expenses related to short-term lease liabilities (included in administrative expenses)	533	418
Expenses related to leases of low-value assets that are not shown above as short-term lease liabilities (included in other operating expenses)	90	152
Expenses relating to variable lease payments not included in lease liabilities (included in other operating expenses)	130	105

II.12. Deferred taxes

Deferred tax assets and liabilities from temporary differences as of 31 December 2021 and 2020 are presented as follows:

thousands of €	2021	2020
Deferred tax assets	4,119	6,944
Deferred tax liabilities	478	350

II.12.1 Deferred tax assets

The statement of financial position is comprised of temporary differences attributable to:

thousands of €	2021	2020
Pension provisions	578	687
Ohter intangible assets	491	257
Provisions	47	307
Tax losses	3,003	5,645
Others	0	48
Total deferred tax assets	**4,119**	**6,944**
Offset of deferred tax liabilities due to offset provisions	0	0
Net deferred tax assets	**4,119**	**6,944**

As of 31 December 2021, deferred tax assets include € 3,003 thousand (previous year: € 5,645 thousand) related to corporate income tax loss carryforwards of € 11,148 thousand (previous year: € 19,511 thousand) and a trade tax loss carryforwards of € 8,111 thousand (previous year: € 16,743 thousand). These tax loss carryforwards result from several restructuring measures in 2017. In 2020, the Group concluded that deferred assets are going to be recovered by estimating future taxable income using the business plans and budgets approved by Tempton. The losses may be carried forward indefinitely and do not have an expiration date.

As of 31 December 2021, the Group had corporate tax loss carryforwards amounting to € 11,162 thousand (previous year: € 19,612 thousand). No deferred tax claim were made for corporate tax loss carryforwards of € 14 thousand (previous year: € 101 thousand). As of 31 December 2021, trade tax loss carryforwards amounted to € 8,161 thousand (previous year: € 17,172 thousand). No deferred tax claim were made for trade tax loss carryforwards of € 50 thousand (previous year: € 428 thousand). Deferred tax asset are not recognised for tax loss carryforwards if the planning calculation does not indicate that the tax loss carryforwards can be offset against taxable profits in the foreseeable future or if there is no operating business. Under the existing legal situation, tax loss amounts can be carried forward indefinitely, provided they are not utilised.

Refer to Note I.3.17 and Note I.4 for information on recognising tax losses and related significant judgements.

II.12.2 Movements of deferred tax assets

The movements of the deferred tax assets in 2021 and 2020 were as follows:

thousands of €	Provisions for pensions	Other	Total
At 1 January 2020	**646**	**4,403**	**5,049**
Charged to profit or loss	3	1,853	1,856
Charged to other comprehensive income	38	0	38
At 31 December 2020	**687**	**6,256**	**6,943**
Charged to profit or loss	-24	-2,715	-2,739
Charged to other comprehensive income	-85	0	-85
At 31 December 2021	**578**	**3,541**	**4,119**

II.12.3 Deferred tax liabilities

The statement of financial position showed temporary differences attributable to:

thousands of €	2021	2020
Temporary differences from:		
Long-term borrowings	272	253
Property, plant and equipment	51	52
Loss allowance for trade receivables and contract assets	15	4
Contract assets	140	41
Total deferred tax liabilities	**478**	**350**
Offset of deferred tax assets due to offset provisions	0	0
Net deferred tax liabilities	**478**	**350**

II.12.4 Movements of deferred tax liabilities

The movements of the deferred tax liabilities were recognised in profit and loss in 2021 and 2020.

II.13. Financial Liabilities

As of 31 December 2021, financial lliabilities are as follows:

thousands of €	Current	Non-current	Total
Secured			
Nordic Bond	175	24,721	24,896
Convertible note	0	2,075	2,075
Total secured borrowings	**175**	**26,796**	**26,971**

As of 31 December 2020, financial lliabilities are as follows:

thousands of €	Current	Non-current	Total
Secured			
Nordic Bond	420	29,310	29,730
Convertible note	0	1,945	1,945
Total secured borrowings	**420**	**31,255**	**31,675**

II.13.1 Collateralised liabilities and assets pledged as security

On 9 November 2021, Tempton Personaldienstleistungen GmbH issued EUR 25,000,000 senior secured bond which bears interest at a fixed rate of 4.75 % p.a. and mature on 9 November 2026. The obligations of Tempton Personaldienstleistungen GmbH under the bond are guaranteed on a senior basis by the Company, Tempton Next Level Experts GmbH and Tempton Technik GmbH. In addition, in accordance with the terms of the bond, the obligations under the bond are secured by a first-priority security assignment by each of the Companies: Tempton Personaldienstleistungen GmbH, Tempton Next Level Experts GmbH and Tempton Technik GmbH of (i) all its account receivables (other than any receivables being subject to non-recourse factoring), (ii) any claims for re-assignment of account receivables against any factoring company and/or any other claims or receivable against a factoring company which have been assigned to the relevant factoring company for security purposes, and (iii) up until in connection with an initial public offering, claims under current and future intercompany loans granted by it.

The issuance made on 9 November 2021 has refinanced and replaced the € 30,000,000 senior secured bond at an interest rate of 6 % issued by Tempton Personaldienstleistungen GmbH on 9 October 2019. This obligation was guaranteed on a senior basis by Tempton Group GmbH, Tempton Next Level Experts GmbH, Tempton Outsourcing GmbH and Tempton Technik GmbH.
In addition, the obligations under this bond were secured by a first-priority security assignment by each of the Companies: Tempton Personaldienstleistungen GmbH, Tempton Holding GmbH, Tempton Industrial Solutions GmbH and Tempton Outsourcing GmbH of (i) assignment of claims of reassignment of accounts receivables against factoring providers, (ii) security over current and future intercompany loans, (iii) assignment of account receivables (other than any receivables subject to non-recourse factoring) and of (iV) bank accounts . Moreover, the Nordic Bond was secured by pledges over the shares held by Tempton Group GmbH in Tempton Personaldienstleistungen GmbH, Tempton Next Level Experts GmbH, Tempton Holding GmbH, Tempton Technik GmbH and Tempton Outsourcing GmbH.

II.13.2 Compliance with loan covenants

In year 2021 and 2020, Tempton Group was not subject to financial covenants compliance requirements.

II.13.3 Convertible note

Tempton Group GmbH issued a 8,500 convertible note at 5.0 % for € 1,750 thousand on 19 September 2017. The note is convertible into ordinary shares of the entity, at the option of the holder, or repayable by 30 September 2022.
The reconciliation to the carrying amounts is as follows:

thousands of €	**Total**
Face value of note issued	1,750
Equity value of conversion rights (presented in capital reserves)	-176
Carrying Amount as of 19 September 2017	**1,574**
Interest expense (2017-2021)	501
Interest paid	0
Long-term convertible note as of 31 December 2021	**2,075**

The initial fair value of the liability portion of the note was determined using a market interest rate for an equivalent non-convertible bond at the issuance date. The liability was subsequently recognised at amortised cost until extinguished on conversion or maturity of the note. The remaining proceeds were allocated to the conversion option and recognised in capital reserve, net of income tax, and not subsequently remeasured. The interest expense is calculated using the effective interest rate of 6.7 % to the liability component. As of 31 December 2020, cumulative interest expense was € 371 thousand and carrying amount was € 1,945 thousand.

II.13.4 Fair value

For the majority of the financial liabilities, the fair values were not materially different from their carrying amounts since the interest payables on those borrowings were either close to current market rates or the borrowings were short-term in nature. Material differences were only identified for the following borrowings:

thousands of €	**2021**		**2020**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Nordic Bond	24,896	25,550	29,730	30,780
Convertible note	2,075	2,187	1,945	1,858

The Nordic Bond quoted prices in a liquid market are available at the reporting date (Level 1 measurement). For the convertible note quoted prices on liquid markets are not available at the reporting date, but the instrument can be measured using other inputs that are observable on the market at the reporting date, a Level 2 measurement will be applied.

II.13.5 Risk exposures

Details of the Group's objectives and methods of financial risk management and capital management are explained in Note IV.4.

II.13.6 Maturities

As of 31 December 2021, lliabilities based on carrying amounts mature as follows:

thousands of € **2021**	**Up to 1 year**	**More than 1 year and up to 5 years**	**Over 5 years**	**Total**
Trade payables	2,796	0	0	2,796
Current income tax liabilities	1,976	0	0	1,976
Provisions	17,751	191	0	17,942
Other financial liabilities	10,465	0	0	10,465
Other liabilities	9,831	0	0	9,831
Contract liabilities	342	0	0	342
Lease liabilities	3,178	3,452	0	6,630
Nordic Bond	175	24,721	0	24,896
Convertible note	0	2,075	0	2,075
As of 31 December 2021	**46,514**	**30,439**	**0**	**76,953**

As of 31 December 2020, lliabilities based on carrying amounts mature as follows:

thousands of € **2020**	**Up to 1 year**	**More than 1 year and up to 5 years**	**Over 5 years**	**Total**
Trade payables	2,334	0	0	2,334
Current income tax liabilities	2,086	0	0	2,086
Provisions	16,769	3,820	0	20,589
Other financial liabilities	8,506	0	0	8,506
Other liabilities	5,677	0	0	5,677
Contract liabilities	452	0	0	452
Lease liabilities	2,597	2,652	0	5,249
Nordic Bond	420	29,310	0	29,730
Convertible note	0	1,945	0	1,945
As of 31 December 2020	**38,842**	**37,727**	**0**	**76,569**

In 2021, interest bearing-liabilities were the Nordic Bond and the Convertible note with fixed interest rates ranging between 4.75 % and 6.0 % (previous year ranging from 5.0 % and 6.0 %). The weighted average interest rate for 2021 was 5.77 % (previous year: 5.85 %).

II.14. Lease liabilities

As of December 31, 2021 and 2020, total finance lease liabilities are presented as follows:

thousands of €	2021	2020
Branch office buildings	4,344	3,414
Vehicles	2,286	1,835
Total	**6,630**	**5,249**

As of December 31, 2021 and 2020, maturities of the total lease liabilities are presented as follows:

thousands of €	2021	2020
Short term	3,178	2,597
Long term	3,452	2,652
Total	**6,630**	**5,249**

Total cash disbursements for leases (including payments for short-term and low-value leases) amounted to € 5,292 thousand in the 2021 financial year (previous year: € 4,715 thousand).

II.15. Trade payables

Trade payables amount to € 2,796 thousand (previous year: € 2,334 thousand) and are usually paid within 30 days of recognition. The carrying amounts of trade payables were the same as their fair values due to their short-term nature. Customary reservations of ownership exist.

II.16. Current income tax liabilities

The breakdown for current income tax liabilities is as follows:

thousands of €	2021	2020
Corporate income tax	1,052	1,004
Trade income tax	924	1,082
Total	**1,976**	**2,086**

II.17. Current and non-current provisions

Provisions were composed of the following changes:

thousands of €	**Provisions for personnel costs**	**Provision for sale and procurement support**	**Miscellaneous other provisions**	**Total**
As at 1 January 2020	**12,394**	**1,544**	**1,908**	**15,846**
Of which: current	12,394	1,544	1,727	15,665
Addition	10,013	1,401	891	12,305
Use	-8,846	-1,527	-633	-11,006
Reversal	-82	-10	-133	-225
Reclassifikation	10	-18	8	0
As of 31 December 2020	**13,488**	**1,390**	**2,041**	**16,919**
Of which: current	13,488	1,390	1,797	16,675
Addition	12,947	2,359	2,085	17,391
Use	-13,302	-1,390	-1,595	-16,287
Reversal	-60	0	-21	-81
Reclassification	0	0	0	0
As of 31 December 2021	**13,073**	**2,359**	**2,511**	**17,942**
Of which: current	13,073	2,359	2,319	17,751

An outflow of economic resources for current provisions is expected in the subsequent year. The provisions for personal costs, which include working-time account and vacation accrual, amounts to € 9,741 thousand (previous year: € 7,476 thousand), provisions for workers´ compensation of € 43 thousand (previous year: € 3,572 thousand) and other staff-related provisions of € 3,289 thousand (previous year: € 2,440 thousand).

II.18. Other current financial liabilities

Other current financial liabilities are presented as follows:

thousands of €	2021	2020
Short term		
Wages and salaries	9,960	8,100
Trade accounts receivable and receivables from suppliers with debit balances	488	308
Others	17	98
Total	**10,465**	**8,506**

II.19. Other liabilities

Other liabilities are presented as follows:

thousands of €	2021	2020
Short term		
VAT liabilities	5,841	2,580
Liabilities from wage and church taxes	3,233	2,600
Liabilities relating to social security	614	366
Others	143	131
Total	**9,831**	**5,677**

II.20. Provisions for pensions

II.20.1 Defined benefit plans

Tempton does not operate a defined benefit plan. However, resulting from the past, there are occasional defined benefit pension obligations. These occasional defined benefit pension obligations are subject to the same regulatory framework. All of the obligations are final salary pension plans, which provide benefits in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary. Pension payments are generally updated to account for inflation. A number of defined benefit pension obligations are partially funded by plan assets. There are also some unfunded obligations.

Provisions for pension obligations amounted to € 3,373 thousand (previous year: € 3,670 thousand). Tempton has plan assets for reinsurance policies that serve as the pension entitlements of a small number of former employees.

Pension obligations have changed as follows:

thousands of €	**2021**	**2020**
Benefit obligation (DBO) at the beginning of the year	**4,017**	**3,897**
Service costs	52	41
Interest costs	26	42
Benefits paid	-94	-86
Total	**4,001**	**3,894**
Actuarial (gain)/loss	-273	123
Benefit obligation (DBO) disclosed at the end of the year	**3,728**	**4,017**

The fair value of plan assets underlying the pension obligations changed as follows:

thousands of €	**2021**	**2020**
Fair value of plan assets as of 1 January	**347**	**340**
Interest income	13	9
Employer contributions	3	3
Employee contributions	0	0
Benefits paid from plan assets in connection with settlements	-10	-9
Other benefits paid from plan assets	0	0
Actuarial gain/(loss)	2	5
Fair value of plan assets as of 31 December	**355**	**347**

The amount of the pension provisions recognised as of the reporting date were as follows:

thousands of €	**2021**	**2020**
Benefit obligation (DBO)	3,728	4,017
Fair value of plan assets	355	347
Net obligation	**3,373**	**3,670**

The following actuarial assumptions were applied:

	2021	2020
Actuarial interest rate	0.9 % - 1.56 %	0.4 % - 1 %
Salary trend	0 %	0 %
Pension trend	1.5 %	1.50 %

The expenses and income recognised in profit and loss were as follows:

thousands of €	2021	2020
Addition to provisions (service costs)	52	41
Addition to provisions (interest costs)	26	42
Total	**78**	**83**

The following benefits are expected to be paid in subsequent years based on existing pension obligations:

thousands of €	2021	2020
In the next 12 months	234	94
Between 2 and 5 years	600	683
Between 5 and 10 years	772	764
After 10 years	2,892	3,050
Total expected payments	**4,498**	**4,591**

The expected pension payments from the occasional pension obligations for 2021 amounts to € 234 thousand (previous year: € 94 thousand). The expected contributions to plan assets for 2021 amounts to € 3 thousand (previous year: € 3 thousand).
A sensitivity analysis was performed to evaluate the impact on total pension obligation based on the following assumption changes:

Parameter	Parameter change	Impact on the pension obligation (thousands of €)
Rate of interest	increase by 50 basis points	-249
Rate of interest	decrease by 50 basis points	279
Pension trend	increase by 50 basis points	239
Pension trend	decrease by 50 basis points	-217

The impact of the sensitivity analysis were calculated using the same method for measuring the pension provision on the statement of financial position. The sensitivity analysis was based on the change in the assumptions noted above while all other assumptions remained constant. There could be a correlation between changes in some assumptions.

II.20.2 Defined contribution plans

Amounts recognised as expenses for defined contribution plans are € 19,160 thousand and € 14,250 thousand in fiscal 2021 and 2020, respectively. Payments to defined contribution plans in the Group relate to contributions to statutory pension insurance in Germany.

II.21. Shareholders' Equity

Refer to the statement of changes in consolidated equity for information on the development of equity.

II.21.1 Share capital

In 2021 and 2020, Tempton Group's fully paid-in share capital of € 25 thousand comprised of 25,000 shares.

II.21.2 Treasury Shares

The amount of share capital assigned to treasury shares was € 8,5 thousand as of 31 December 2021. This equates to 34 % of share capital. 8,500 treasury shares were held as of 31 December 2021. The lenders conversion privilege includes 8,500 treasury shares of Tempton Group GmbH. If the conversion privilege is not exercised until 30 September 2022, the right expires.
No treasury shares were acquired in the reporting period 2021 and 2020.

II.21.3 Capital reserves

The capital reserve includes adjustments from premiums and the amount allocated to the equity component for convertible note issued by the Group in September 2017 (refer to Note II.13.3).

II.21.4 Retained Earnings

Retained earnings contain the net profit for the year and accumulated retained earnings from previous years and unappropriated earnings.

II.21.5 Accumulated other comprehensive income

Actuarial gains and losses from defined benefit pension plans are recognised in retained earnings. These changes are presented as follows:

thousands of €	
Status as of 1 January 2020	**-257**
Remeasurements of defined benefit obligations	-119
Tax effects	36
Status as of 31 December 2020	**-340**
Remeasurements of defined benefit obligations	275
Tax effects	-85
Status as of 31 December 2021	**-150**

III. Notes to the statement of profit and loss

III.1. Revenue

Revenue amounts to € 315,152 thousand in the 2021 financial year (previous year: € 219,133 thousand).

III.1.1 Disaggregation of revenue from contracts with customers

The Group generated revenue from the transfer of services over time. The following table shows the revenue of the service lines:

thousands of €	2021	2020
Personnel services	279,992	184,969
Next Level	13,080	9,894
Technology	16,299	17,415
Outsourcing	4,517	7,274
Total	**313,888**	**219,552**

Further information on the segment's revenues and the reconciliation to the revenue of the group can be found in Note IV.2. There are no revenues from transactions with a single external customer amounting to 10 percent or more of the Group's revenues.
The Group is domiciled in Germany. Revenue with external customers are primarily generated in Germany in the 2021 reporting period as well as in the 2020 reporting period.

III.1.2 Revenue recognised in relation to contract liabilities

Contract liabilities result from the "Technology" segment. The following table illustrates the revenue recognised in the current reporting period related to contract liabilities carried forward and related performance obligations that had been realised in a previous year:

thousands of €	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the period	211	897
Revenue recognised from performance obligations satisfied in previous periods	0	0
Total	**211**	**897**

III.1.3 Unrealised total transaction price

The total transaction price attributable to performance obligations that have not been fulfilled at the end of the reporting year amounts to € 10,420 thousand (2020: € 7,619 thousand).
Management expects that 90 % (previous year: 84 %) of the transaction price allocated to unrealised performance obligations as of 31 December 2021 will be recognised as revenue during the subsequent reporting period (€ 9,378 thousand); (previous year: € 6,399 thousand). The remaining 10 % (€ 1,042 thousand (previous year: 16 % and € 1,220 thousand)) will be recognised in the 2023 financial year. The amounts disclosed above do not include variable consideration.
In general, all contracts are fulfilled in one year or less or are invoiced on a time-incurred basis. As permitted under IFRS 15, the transaction price allocated to these unrealised contracts was not disclosed.

III.2. Material profit or loss items

In 2021, the Group has identified expenses for the early redemption of the original Nordic Bond (€ 870 thousand; for further explanations refer to Note III.6), as well as expenses from the compounding of the original bond (€ 690 thousand) as material based on their nature and/or amounts.
Furthermore, in 2021, the Group has identified a one-off effect resulting in a relief of € 5,488 thousand. This relief is due to a change in contribution collection procedure of the German Verwaltungs- und Berufsgenossenschaft (VBG) as the Group's statutory accident insurer.

In 2020, the Group has identified the recognition of deferred tax assets as material based on their nature and/or amounts. Following IAS 12.35, the Group reviewed previously unrecognised tax losses in 2020 and determined that deferred tax assets have to be recognised in line with IAS 12. Therefore, a deferred tax asset of € 1,725 thousand was recognised in 2020.

III.3. Other operating income

thousands of €	2021	2020
Income from reversal of provisions	81	228
Income from reversal of impairment of receivables	94	105
Income from insurance compensation	48	52
Income from other items	478	439
Total	**701**	**824**

III.4. Personnel costs

The following table shows the breakdown of personnel costs between internal and external employees:

thousands of €	2021	2020
Internal employees	38,857	32,479
External employees	212,302	147,008
Total	**251,159**	**179,486**

Personnel costs include expenses for social security contributions and expenses for social pensions in the amount of € 43,220 thousand (previous year: € 33,713 thousand).
Government grants related to income amounted to € 817 thousand (previous year: € 1,990 thousand) and were allocated to personnel costs.

III.5. Other operating expenses

thousands of €	2021	2020
Reimbursement of travel expenses (subsidies for accomodation, travel and meals) for external employees	5,172	4,815
Advertising expenses	4,368	2,771
Office supplies, IT and telecommunication expenses	2,926	2,339
Other vehicle expenses	2,556	1,977
Legal and consulting expenses	1,782	1,727
Other personnel-related expenses	1,020	474
Energy expenses	954	819
Insurance expenses	851	842
Health services expenses	625	308
Short term and low value leasing agreements	623	570
Postage expenses	491	421
Fees and contributions expenses	414	330
Employers´ contribution	399	326
Cleaning expenses	383	314
Advisory expenses	360	396
Incidental bank charges	303	240
Reimbursement of travel expenses for internal employees	323	321
Bad debt and impairment expenses	215	257
Miscellaneous operating expenses	889	872
Total	**24,654**	**20,119**

III.6. Interest and similar income

thousands of €	2021	2020
Return on plan assets	13	9
Other interest and similar income	65	50
Total	**78**	**59**

Interest income on financial assets are recognized at amortised cost and recorded as other income.

III.7. Interest expenses and similar expense

thousands of €	2021	2020
Nordic Bond	3,344	2,075
Convertible notes	130	122
Pension	26	42
Other interest and similar expenses	141	162
Total	**3,641**	**2,401**

Interest expenses for the Nordic Bond and Convertible notes include interest expenses calculated in accordance with the effective interest method. In 2021, interest expenses for the Nordic Bond also includes expenses for early redemption of the former Nordic Bond (€ 870 thousand; for further explanations refer to Note II.13.1), as well as expenses from the compounding of the former Nordic Bond (€ 690 thousand) within the scope of the effective interest method.

III.8. Income taxes

Details on deferred tax assets and liabilities are disclosed in Note II.12. Deferred taxes. Income tax rate attributed to the parent company was 32.63 % (previous year: 32.63 %).

III.8.1 Income tax expense

The composition of the income tax expense for the financial years 2021 and 2020 is as follows:

thousands of €	2021	2020
Corporate income tax	1,164	510
Trade tax	1,244	709
Deferred taxes	2,867	-1,903
Total ("-" due to income tax gain)	**5,276**	**-684**

The actual income tax expense is reduced due to the utilization of previously unrecognised tax losses in the amount of € 76 thousand (previous year: € 3 thousand).

III.8.2 Reconciliation of income tax expenses to tax payables

The reconciliation of income tax expense and the accounting net profit multiplied by the Group's applicable tax rates for 2021 and 2020 financial years were as follows:

thousands of €	**2021**	**2020**
Consolidated net profit before income tax	16,499	2,567
Income tax expense	5,276	-684
Resulting tax rate ("-" due to income tax gain)	**31.98 %**	**-26.65 %**

thousands of €	**2021**	**2020**
Earnings before taxes (EBT)	16,499	2,567
Applicable (statutory) tax rate	32.63 %	32.63 %
Expected tax expense	**5,384**	**838**
Effects of non-deductible expenses and tax-free income	230	217
Taxes relating to other periods	-22	-81
Effects due to the use or addition of losses carryforward	-28	-1,725
Tax effect due to deviations to the expected income tax rate	-220	-16
Permanent differences	6	85
Utilization of loss carryforwards for which no deferred tax assets were recognised in previous years	-76	-3
Other tax effects	2	1
Resulting tax expense ("-" due to income tax gain)	**5,276**	**-684**

III.8.3 Amounts recognised directly in equity

As a result of remeasurements of defined benefit obligations and plan assets, the Group derecognised € 85 thousand directly out of retained earnings in 2021; thereof: deferred tax assets amounted € 84 thousand and current taxes amounted € 1 thousand (previous year recognition in equity: € 36 thousand; thereof: deferred tax assets amounted € 38 thousand and current taxes amounted minus € 2 thousand).

IV. Other disclosures

IV.1. Notes to the consolidated statement of cash flows

The consolidated statement of cash flows is presented separately. It illustrates the changes in cash and cash equivalents of Tempton Group. The reported cash funds are not subject to any third-party restrictions. The Group made no payments for any extraordinary expenses. Payments for income taxes and interest are reported separately. The consolidated statement of cash flows was prepared in accordance with IAS 7 and breaks down the changes in cash and cash equivalents into cash flows from operating, investing, and financing activities. Cash flows from operating activities are presented using the indirect method.

Cash flows from operating activities – Cash flows from operating activities increased from € 9,776 thousand to € 26,501 thousand by € 16,725 thousand (previous year: Cash flows from operating activities decreased from € 12,250 thousand to € 9,776 thousand by € 2,474 thousand).

Cash flows from investing activities – Cash outflows from investing activities for the 2021 financial year amounted to € 4,761 thousand compared to a cash outflow in previous year that amounted to € 6,288 thousand (previous year: Cash outflows from investing activities for the 2021 financial year amounted to € 6,288 thousand compared to a cash outflow in previous year that amounted to € 6,697 thousand).

Cash flows from financing activities – Cash outflows from financing activities for the 2021 financial year amounted to € 13,226 thousand compared to a cash outflow in previous year that amounted to € 6,241 thousand (previous year: Cash outflows from financing activities for the 2021 financial year amounted to € 6,241 thousand compared to a cash inflow in previous year that amounted to € 5,732 thousand).

The following table shows the changes in liabilities from financing activities:

in thousands €	Non-current financial liabilities	Current financial liabilities	Current lease liabilities	Total
Balance sheet as of 1 January 2020	**30,887**	**574**	**2,806**	**34,267**
Redemption	0	-154	0	-154
Payment of accrued interest	0	-420	0	-420
Repayment of lease liabilities	0	0	-2,806	-2,806
Cash effective changes	**0**	**-574**	**-2,806**	**-3,380**
Accrued interest	368	420	0	788
New current lease liability	0	0	2,597	2,597
Non-cash changes	**368**	**420**	**2,597**	**3,385**
Balance sheet as of 31 December 2020	**31,255**	**420**	**2,597**	**34,272**
Redemption	-30,000	0	0	-30,000
Borrowing	25,000	0	0	25,000
Costs directly attributable to the borrowing	-287	0	0	-287
Payment of accrued interest	0	-420	0	-420
Repayment of lease liabilities	0	0	-2,597	-2,597
Cash effective changes	**-5,287**	**-420**	**-2,597**	**-8,304**
Accrued interest	828	175	0	1,003
New current lease liability	0	0	3,178	3,178
Non-cash changes	**828**	**175**	**3,178**	**4,181**
Balance sheet as of 31 December 2021	**26,796**	**175**	**3,178**	**30,149**

IV.2. Segment Reporting

Tempton's Board of Management, consisting of the chief executive officer / chief financial officer (in personal union) and the chief operating officer, examines the group's performance from a service line perspective and identified four operating segments of its business, which are distinguished by customers and services:

1. Personnel Services

The personnel services business unit is the core business of Tempton Group and accounts for around 90 % of Tempton's consolidated revenues. It is concentrated within Tempton Personaldienstleistungen GmbH and Tempton Personalservice GmbH, Essen. Personnel services include the following services:

- Personnel leasing
- Direct placement
- Personnel recruitment (including RPO services)
- Managed services, especially master-vendor and on-site management solutions
- Personnel takeover

2. Next Level

The Next Level business unit bundles the premium services of Tempton Group. It is concentrated in Tempton Next Level Experts GmbH and offers the following services:

- Personnel leasing
- Direct placement
- Human resources consulting
- Temporary experts / freelancers
- Engineering and planning services
- C-Level services

3. Outsourcing

The Outsourcing business unit is bundled in Tempton Outsourcing GmbH and various project enterprises. Tempton supports its customers throughout Germany as a comprehensive, certified outsourcing partner and takes over contracts for an entire work process, individual service areas or defined work cycles - temporarily or permanently. Tempton Outsourcing specializes in quality assurance and control, logistics services such as commissioning and merchandise management as well as facility and machine operation.

4. Technology

The technology business unit is concentrated in Tempton Technik GmbH. Tempton Technik GmbH is a professional partner for information and communication technology for almost all renowned manufacturers, service providers and system houses.

All four business segments shown above are reviewed by the Board of Management at regular intervals to monitor allocation of resources and earnings performance. The accounting policies of the segments are basically the same as those applied for external accounting; for details, please refer to note "I. Accounting policies and measurements methods". Tempton measures the performance of its segments using a segment result measure, which is referred to as "adjusted Contribution Margin" in internal management reporting. The segment result measure "adjusted Contribution Margin" is composed of the profit or loss from operations before interests, taxes and amortisation and depreciation adjusted for non-operating effects. These non-operating effects mainly include effects from factoring fees in profit or loss, expenses in connection with M&A activities (realised and unrealised) and normalisation of one-off effects. In accordance with the segments' control logic, leases are not capitalised, but instead recognised as periodic expenses and no measurement of pension obligations is carried out in accordance with IAS 19. In addition, in the "Technology" segment, revenue is not recognized for uncompleted projects. Tempton's management does not receive any further information, such as the segments' assets on a monthly basis.

The measure of profit or loss for each reportable segment are as follows:

thousands of €		Net revenue	Intersegment revenue	Total revenue	adjusted Contribution Margin
Personnel Services	2021	279,172	820	279,992	14,092
	2020	184,495	473	184,969	2,745
Next Level	2021	12,915	165	13,080	616
	2020	9,803	91	9,894	204
Technology	2021	16,299	0	16,299	2,510
	2020	17,415	0	17,415	3,704
Outsourcing	2021	4,339	178	4,517	249
	2020	7,179	95	7,274	23
Central shared service	2021	0	9,527	9,527	740
center/consolidation/other	2020	0	7,943	7,943	482
Consolidated	2021	0	-10,691	-10,691	0
	2020	0	-8,603	-8,603	-210
Total Tempton Group consolidated	2021	312,726	0	312,726	18,207
Total Tempton Group consolidated	2020	218,892	0	218,892	6,948

The item "Central shared service center/consolidation/other" primarily includes costs incurred in connection with central Group functions and immaterial transactions that are not allocated to reportable segments.

The adjusted Contribution Margin for segment reporting was reconciled to the operating profit before income tax as follows:

thousands of €	2021	2020
Total adjusted Contribution Margin according to segment reporting	**18,207**	**6,948**
One-off effect due to a change in German Verwaltungs- und Berufsgenossenschaft (VBG) contribution collection procedure	5,488	0
Adjustments arising from different accounting policies related to leasing	5,182	4,746
Other adjustments arising from different accounting policies	458	559
Other adjustments	-378	-211
Depreciation and amortisation	-8,895	-7,133
Interest income and similar income	78	59
Interest expense and similiar expense	-3,641	-2,401
Profit before income tax	**16,499**	**2,567**

There were no impairment charges or other significant non-cash items recognised in 2021 and 2020.

The reportable segment's revenues compared to entity's revenue were reconciled as follows:

thousands of €	2021	2020
Revenue according to segment reporting	**312,726**	**218,892**
Adjustments arising from different accounting policies	2,395	160
Others	31	81
Total of Group's revenue	**315,152**	**219,133**

During the reporting period, the Group operated mainly in the German market and served domestic customers. Revenue generated from customers outside of Germany remained unchanged at nearly 0 %. The Group's non-current assets and net revenue are fully attributable to Germany. Non-current assets are allocated to the regions according to the location of the assets in question, which is Germany. Non-current assets encompass intangible assets, property, plant and equipment, right-of-use assets, capitalised contract costs as well as other non-current assets. Net revenue is allocated according to the location of the respective customers' operations, which is fully located in Germany as well. As segment reporting by geographical region would not provide any additional information beyond that already contained in these consolidated financial statements, segment reporting by geographical region was not reported.

There is no revenue generated from customers in 2021 or 2020 that would exceed the 10 %-threshold stated in IFRS 8.34.

IV.3. Additional disclosures on financial instruments

Financial instruments as of the end of the 2021 reporting period is presented as follows:

thousands of €	Classification under IFRS 9*	Carrying amount	Fair Value
Assets			
Trade receivables	AC	33,275	33,275
Other financial assets	AC	3,880	3,880
Cash and cash equivalents	AC	31,836	31,836
Liabilities			
Current financial liabilities - Nordic Bond	FLaC	175	175
Non Current financial liabilities - Nordic Bond	FLaC	24,721	25,375
Non Current financial liabilities - Convertible notes	FLaC	2,075	2,187
Trade payables	FLaC	2,796	2,796
Other current financial liabilities	FLaC	10,465	10,465
Aggregated according to category			
Assets	AC	68,991	
Liabilities	FLaC	40,232	

Financial instruments as of the end of the 2020 reporting period is presented as follows:

thousands of €	Classification under IFRS 9*	Carrying amount	Fair Value
Assets			
Trade receivables	AC	25,500	25,500
Other financial assets	AC	4,582	4,582
Cash and cash equivalents	AC	23,322	23,322
Liabilities			
Current financial liabilities - Nordic Bond	FLaC	420	420
Non Current financial liabilities - Nordic Bond	FLaC	29,310	30,720
Non Current financial liabilities - Convertible notes	FLaC	1,945	1,858
Trade payables	FLaC	2,334	2,334
Other current financial liabilities	FLaC	8,506	8,506
Aggregated according to category			
Assets	AC	53,404	
Liabilities	FLaC	42,515	

The fair value of financial instruments for which the carrying amount is a reasonable approximation of fair value is not separately disclosed.

Cash funds, trade receivables and other financial assets are short term in nature. Their carrying amounts at the end of the reporting period approximate their fair value.

Trade payables and other financial liabilities are short-term; the carrying amounts recognised approximate their fair values.

For the Nordic Bond, quoted prices in a liquid market are available. The quote price at the reporting date was used for measurement (Level 1 measurement). For the Convertible notes, quoted prices on liquid markets are not available at the reporting date, but the instrument can be measured using other inputs that are observable on the market at the reporting date, a Level 2 measurement is applied.

IV.4. Objectives and methods of financial risk management and capital management

Tempton Group is exposed to various financial risks, such as credit risk and liquidity risk noted below. Tempton Group is operating solely in the sales and the procurement business areas in Germany. Thus, material foreign currency exchange risk does not exist. The risk of interest rate changes were not identified since financing is only provided at fixed interest rates. Risk management for credit risk and liquidity risk is performed by CEO and COO. They identify, assess and mitigate financial risks in close cooperation with the Group’s operating units. Appropriate changes are made to processes in response to changes in the risk assessment. The overriding aim of Tempton's financial risk management and capital management is to reduce the financial risk through structured actions.

IV.4.1 Credit risk

Credit risk is managed at the Group level. Credit risks arise from cash and cash equivalents, current financial assets, trade receivables and other receivables. Customer risks are systematically recorded, analysed and managed in the respective subsidiary, whereby both internal and external information sources are used. The maximum credit risk was reflected by the carrying amounts of the financial assets recognised in the statement of financial position. For some trade receivables and contract assets, the group may obtain security in the form of collateral and guarantees which can be called upon if the counterparty is in default. No other collateral or other credit enhancements exist that would affect the credit risk from financial assets. However, the Group has a default insurance for substantially all of its trade receivables.
For banks and financial institutions, only a minimum rating of ‘A’ assessed by independent rated parties are accepted.
The Group does not invest in debt instruments so there are no investment risk exposures.

IV.4.1.1 Impairment of financial assets

The Group has two types of financial assets subject to the expected credit loss model:

- Trade receivables
- Contract assets with contracts relating to Tempton Technik GmbH

There is no material impairment risk for other financial assets. In 2021 and 2020, there were no material impairment losses related to trade receivables (2021: € -213 thousand; 2020: € -225 thousand) and no impairment losses related to contract assets.

IV.4.1.2 Trade receivables and contract assets

The Group applies the simplified approach, as specified in IFRS 9, for measuring expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets.
To measure the expected credit losses, trade receivables and contract assets were grouped according to shared credit risk characteristics and the number of days past due. The contract

assets related to uninvoiced work in progress have substantially the same risk characteristics as trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are also a reasonable approximation of the loss rates for contract assets.

The expected loss rates were based on the payment profiles of sales over a period of 12 months before 31 December 2021 or 1 January 2021, respectively, and on the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identified the number of days of outstanding receivables and adjusted the historical loss rates based on the expected changes in these factors. On that basis, the loss allowances as of 31 December 2021 and 2020 are presented as follows for both trade receivables and contract assets:

2021

thousands of €	**Current**	**More than**				**Total**
		1	**30**	**91**	**181**	
		days past due				
Expected loss rate	0.05 %	0.05 %	0.05 %	0.47 %	0.47 %	
Gross carrying amount – trade receivables	27,750	4,732	575	102	154	33,313
Gross carrying amount – contract assets	1,432	0	0	0	0	1,432
Loss allowance	**14.6**	**2.4**	**0.29**	**0.48**	**0.7**	**18**

2020

thousands of €	**Current**	**More than**				**Total**
		1	**30**	**91**	**181**	
		days past due				
Expected loss rate	0.09 %	0.09 %	0.09 %	0.50 %	0.50 %	
Gross carrying amount – trade receivables	16,994	5,180	585	284	2,457	25,500
Gross carrying amount – contract assets	1,015	0	0	0	0	1,015
Loss allowance	**17**	**5**	**1**	**2**	**13**	**38**

The loss allowances for trade receivables and contract assets as of 31 December 2021 and 2020 were reconciled to the opening loss allowances as follows:

thousands of €	**Contract assets**		**Trade receivables**	
	2021	**2020**	**2021**	**2020**
Opening loss allowance as of 1 January	0	0	50	50
Increase in loan loss allowance recognised in profit or loss during the year	0	0	20	0
Receivables written off during the year	0	0	-50	0
Unused amount reversed	0	0	0	0
Closing loss allowance as of 31 December	**0**	**0**	**20**	**50**

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period of more than 120 days past due and if a subsequent detailed review of the debtor does not reveal any other information.

Impairment losses on trade receivables and contract assets were presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off were credited against the same line item.
As of the balance sheet date, there are no indications that the debtors of the trade receivables and contract assets presented will not meet their payment obligations.

IV.4.1.3 Derivative Financial instruments

Derivative financial instruments were not used for mitigating risk since Tempton Group is not exposed to any market risks such as changes in interest rates or foreign currency exchange risks.

IV.4.2 Capital risk management

The primary aim of the Group's capital management is to ensure that the Group maintains its ability to repay its debts and the substance of its finances are preserved.

Key financial indicator for capital management is the debt-to-equity ratio. The net financial liabilities, comprising financial liabilities (see Note II.13) and cash and cash equivalents (see Note II.1) are considered in relation to the Group's equity (see Note II.21).

The debt-to-equity ratio as of the reporting dates 31 December 2021 and 2020 are as follows:

thousands of €	2021	2020
Non-current financial liabilities	26,796	31,255
Current financial liabilities	175	420
Financial liabilities	**26,971**	**31,675**
Cash and cash equivalents	31,836	23,322
Net financial liabilities	**-4,865**	**8,353**
Equity	28,755	17,343
Debt-to-equity ratio	**n.a.**	**48.16 %**
Equity	28,755	17,343
Total assets	109,559	94,261
Equity-to-capital ratio	**26.25 %**	**18.40 %**
Debt capital	80,804	76,919
Total assets	109,559	94,261
Debt-to-capital ratio	**73.75 %**	**81.60 %**

IV.4.3. Liquidity risk

Liquidity risk describes the risk that the Group may be unable to meet its payment obligations on maturity. The high level of cash and cash equivalents means there is a low liquidity risk from financial liabilities. In general, the Group and its subsidiaries manage liquidity risks by maintaining adequate reserves, continuously monitoring forecast and actual cash flows, and coordinating the maturity profiles of financial assets and liabilities. To ensure that Tempton Group can settle its debts at all times, a liquidity reserve in the form of cash was provided (free liquidity). Due to the strong cash flow position and comfortable liquidity situation of the Group, no liquidity risks were recognised. This even leads to the non-necessity to maintain overdraft facilities.

IFRS 7 also requires a maturity analysis for financial liabilities. The following maturity analysis shows how the undiscounted cash flows in connection with the liabilities as of 31 December 2021 affected the future liquidity situation of the Group.

thousands of €	Up to 1 year	More than 1 year and up to 5 years	Over 5 years	Total
Trade payables	2,796	0	0	2,796
Provisions	17,751	3,373	0	21,124
Other liabilities	9,831	0	0	9,831
Contract liabilities	342	0	0	342
Lease liabilities	3,178	3,452	0	6,630
Nordic Bond	175	25,000	0	25,175
Convertible notes	2,114	0	0	2,114
As of 31 December 2021	**36,188**	**31,825**	**0**	**68,013**

Maturity analysis for financial liabilities as of 31 December 2020 is presented as follows:

thousands of €	Up to 1 year	More than 1 year and up to 5 years	Over 5 years	Total
Trade payables	2,334	0	0	2,334
Provisions	16,675	3,914	0	20,589
Other liabilities	8,506	0	0	8,506
Contract liabilities	452	0	0	452
Lease liabilities	2,600	2,679	0	5,279
Nordic Bond	420	30,000	0	30,420
Convertible notes	0	2,026	0	2,026
As of 31 December 2020	**30,987**	**38,619**	**0**	**69,606**

If the contract partner can call a payment at different points in time, the liability relates to the earliest possible maturity date. The cash flows of financial and lease liabilities consist of their undiscounted interest and principal payments.

IV.5. Relationship with related parties

IV.5.1 Executive bodies

Mrs. Dr. Annett Tischendorf, registered managing director of Tempton Group GmbH.

IV.5.2 Executive body remuneration

By respective application of the provision of sect. 286 para. 4 HGB, the remuneration of Chief Executive Officer was not disclosed in accordance with sect. 314 para. 1 no. 6 HGB.

IV.5.3 Related party transactions

Parties are considered to be related if they have the ability to control Tempton Group or exercise significant influence over its financial and operating decisions.

IV.5.3.1 Related persons

The group parent company of Tempton Group GmbH is Dres. Tischendorf Tempton GmbH, Frankfurt am Main.
The Tempton Group also reports on transactions with related parties in accordance with IAS 24. Related parties are entities and natural persons as defined by IAS 24, Tempton identified the management of Tempton Group GmbH (management in key position), consisting of Chief Executive Officer and the Chief Operating Officer, and their relatives, the group parent company and the subsidiaries of Tempton Group GmbH as related parties.

IV.5.3.2 Key management personnel compensation

Key management personnel compensation were as follows:

thousands of €	**2021**	**2020**
Short-term employee benefit	771	727
Total	**771**	**727**

IV.5.3.3 Transaction with other related parties

Transactions with other related parties were as follows:

thousands of €	**2021**	**2020**
Compensation for other services	360	360
Total	**360**	**360**

Transactions between Tempton Group and the group parent company did not take place.

IV.5.3.4 Outstanding balances

Of the above-mentioned amounts, the following balances are outstanding at the end of the reporting period:

thousands of €	2021	2020
Current payables		
Key management personnel	242	200
Other related parties	36	35
Total	**278**	**235**

Provisions for doubtful debts related to the amount of outstanding balances and expense recognised with respect to bad debts due from related parties were nil in 2021 and 2020.

IV.5.3.5 Subsidiaries

Interests in subsidiaries are set out in note I.2.2. Subsidiaries are considered to be related entities irrespective of whether they are included in the consolidated financial statements. Transactions between the parent company and its subsidiaries were eliminated in consolidation and are not shown in this note or were of subordinate significance and typical for the industry.

IV.6. Employees

The breakdowns of the number of employees in the 2021 and 2020 financial year are as follows:

	2021 Headcount	2020 Headcount
External employees	7,954	5,988
Internal employees	796	701
Total	**8,750**	**6,689**

IV.7. Auditor's fees

The breakdown of the auditor's fees recognised in the 2021 and 2020 financial years are as follows:

thousands of €	2021	2020
Audit services	135	135
Tax consulting services	66	104
Total	**201**	**239**

IV.8. Events after the end of the reporting period

No events of significance occurred after the close of the financial year as of 31 December 2021 and 2020.

IV.9. Other financial liabilities and contingent liabilities

The maximum amount of other undiscounted financial liabilities and contingent liabilities is listed in the following table:

thousands of €	2021	2020
Up to one year	1,674	1,623
More than one year and up to five years	1,335	1,450
Over five years	8	23
Total	**3,017**	**3,096**

The majority of operating leases were recognised as right-of-use assets and lease liabilities. Exceptions were made for vehicles that can be returned daily (short-term leases), leases for low-value assets and variable lease payments. Other leasing financial liabilities contain of ancillary rental expenses for leased office space leased as well as for IT-infrastructure. Immaterial purchase commitments primarily involved software and hardware.

Essen, 25 April 2022

tempton

ANNUAL REPORT

Tempton Group GmbH, Essen
Registered with the local court of Essen, HRB 28871

Group Management Report for the financial year
From 1 January 2021 to 31 December 2021

Business activities and structure of Tempton Group

Tempton Group is one of the largest personnel service providers in Germany with consolidated sales of approx. 315 million euros in 2021 and occupies a leading role among them.

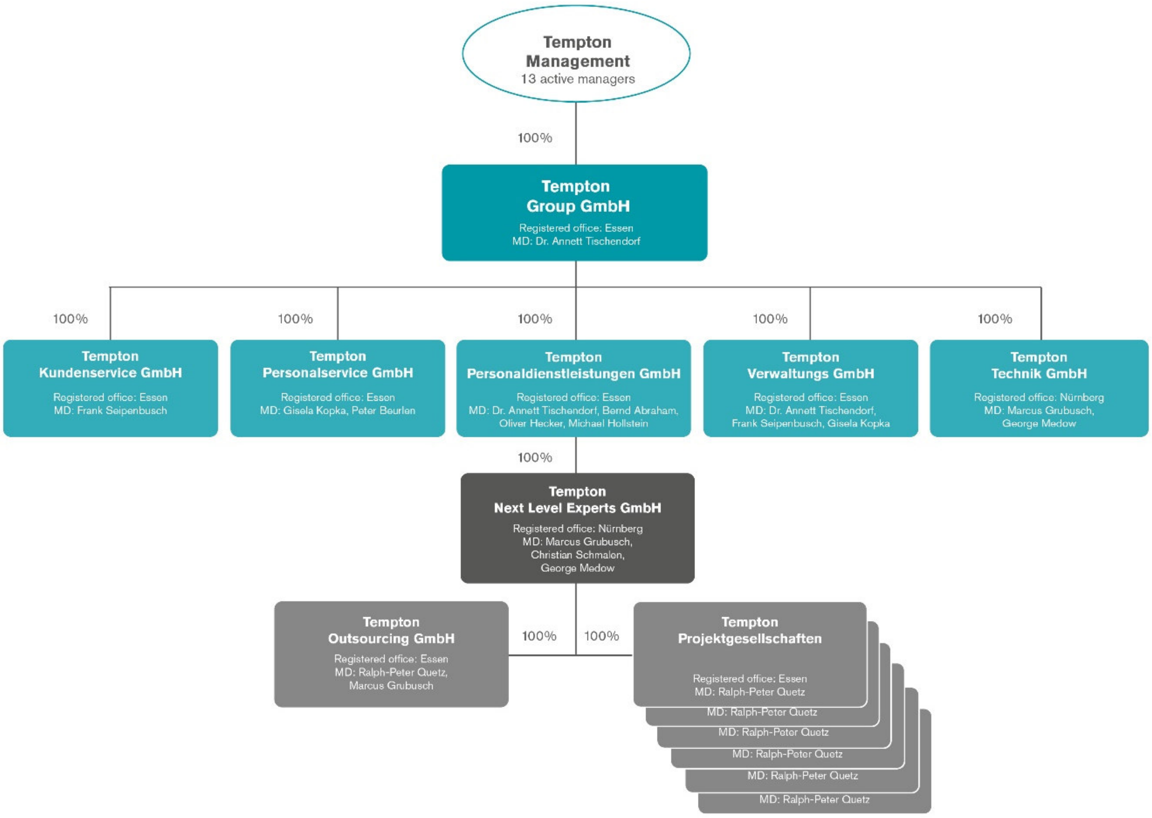
On the one hand, a very broad portfolio of services distinguishes us significantly from other personnel service providers. Beyond personnel leasing, we offer our customers solutions for almost all personnel-driven tasks. This also includes personnel recruitment (including RPO services), direct placement, managed services, including master vendor and on-site management solutions, the takeover of personnel, the provision of temporary experts/freelancers, outsourcing solutions, technical services and C-level services. On the other hand, we are highly modern, fully funded in all areas and leading in digitalization, which means that our processes are highly efficient, cost-effective and offer a high level of service for customers and employees and applicants.

Tempton emerged in 2007 from the merger of medium-sized personnel service companies and thus combines the expertise of several decades. Today, Tempton employs more than 9,000 employees throughout Germany in peak times who work at over 140 branches for an active customer base of more than 10,000 companies from almost all sectors - from small and medium-sized companies and businesses to well-known large companies and groups.

Tempton is owner-managed and is owned by the operational management - all dedicated, modern and highly educated leadership personalities who together not only command more than 100 years of know-how in the personnel services industry, but also digitalization expertise and distinctive transaction and capital market experience.

Tempton Group is divided into four separate business units: Tempton personnel services, Tempton Next Level, Tempton outsourcing and Tempton technology. The Tempton Next Level business unit bundles the premium services of Tempton Group.

Tempton Group is structured as follows:



BUSINESS UNIT PERSONNEL SERVICES

The personnel services business unit is the core business area of Tempton Group and accounts for about 90 % of Tempton-sales. It is concentrated within Tempton Personaldienstleistungen GmbH, Tempton Personalservice GmbH, Essen, and for premium services Tempton Next Level Experts GmbH, Nürnberg.

Personnel leasing

Tempton promptly provides its customers with employees of almost all qualifications and for every field of activity within the scope of personnel leasing. Whether industrial-technical employees, commercial personnel, engineers and service-technicians, IT, ITC and digital marketing experts, employees in the health sector or for airport operations – through common interest Tempton recruits only the best, so that our Tempton consultants can select the suitable candidate at any time from about 7,500 active employees hired for flexible customer assignments and annually about 150,000 applicants.

Direct placement

Tempton supports its customers as a direct recruitment agency in order to stay one step ahead in the "war for talents". To achieve this, Tempton not only has access to an extensive pool of more than 50,000 current applicants and employees but is also extraordinarily successful with a direct approach due to state-of-the-art and sophisticated recruiting methods and presents customers with suitable candidates for their vacancies following a precise pre-selection. In doing so, Tempton acts as a link between its customers and applicants or employees through its skilled job placement service services.

Personnel recruitment (including RPO services)

If a customer wants to outsource its own personnel recruitment, Tempton operates the management of the job application process for the customer based on flat rates - from job advertisements to hiring. In addition to the pure service, Tempton customers also benefit from purchasing advantages for job advertisements.

Managed services -Master-vendor and on-site management solutions

If a customer uses several personnel service providers, Tempton assumes the entire management of all personnel service providers for the customer as a “Master Services Provider” with IT-backup; from the integration into the customer's internal workflows, the qualification of new co-suppliers to the on- and offboarding of individual employees. This includes the selection of personnel service providers, the identification and recruitment of the required temporary staff, the initial training and smooth integration of the temporary staff as well as the complete administrative process up to the exit- or takeover management. Tempton customers thus enjoy the advantages of a direct contact for all temporary staffing matters, a standardization of contracts and pricing models, a uniform handling of all personnel leasing or placement processes, and relief from administratively burdensome activities.

Personnel takeover

If a customer has permanent or temporary personnel overcapacity, but understandably either does not want to dismiss its employees at all or, if possible, does not want to pay them through the full notice period, Tempton offers a reliable, uncomplicated and socially acceptable solution with the "Personnel takeover": Tempton takes over employees of customers by mutual agreement if or as long as the customer cannot employ them. During this time, Tempton then assigns the transferred employees either permanently or, at the customer's request, only temporarily to other companies. In the case of a temporary assignment, the customer has the option of reverting to its experienced employees at short notice as soon as its personnel requirements change.

BUSINESS UNIT NEXT LEVEL

The NEXT LEVEL business unit bundles the premium services of Tempton Group. It is concentrated within Tempton Next Level Experts GmbH.

Human resources consulting

Tempton consults its clients by way of human resources consulting in their search and selection of experts and executives. Through intensive consulting and tailor-made active sourcing strategies, we find exactly the expert or executive that our client companies need. In addition to the pure search processes, this also includes the design and implementation of assessment and selection measures, advice and support for onboarding, advice on personnel marketing and other strategic and conceptual issues relating to personnel recruitment.

Temporary experts / Freelancer

If customers need professional support for process optimization or the implementation of special projects, Tempton helps them by deploying individual technical or commercial experts or entire teams of experts - on a temporary basis. Temporary work thus becomes either professional temporary work or professional work.

Engineering and planning services

Tempton plans technical infrastructures for its customers and supports them in the area of engineering and in operations of their information and communication technology.

C Level services

Tempton offers its customers the staffing of the entire chain of C-level services from a single source: tailor-made *interim solutions* at top management and executive level, the deployment of *temporary experts* and the *outsourcing* of specialists in the process and production environment. The focus of Tempton rests on technically experienced managers, as they are sought in production, IT / ITC and cross-company for change management. In addition, we also provide our customers with CFOs for the commercial area.

BUSINESS UNIT OUTSOURCING

The Outsourcing business unit is bundled in Tempton Outsourcing GmbH and various project enterprises.

Tempton supports its customers throughout Germany as a comprehensively certified outsourcing partner and takes over in contracts for work entire processes, individual service areas or defined work cycles - temporary or permanently. Tempton Outsourcing specializes in quality assurance and control, logistics services such as commissioning and merchandise management as well as facility and machine operation.

Based on more than 20 years of experience, Tempton enables its customers to achieve significantly higher efficiency and higher productivity at predictable material costs.

BUSINESS UNIT TECHNOLOGY

The business unit technology is concentrated within Tempton Technik GmbH.

Tempton Technik GmbH is a professional partner for information and communication technology for almost all renowned manufacturers, service providers and system houses.

SHARED SERVICES CENTRE

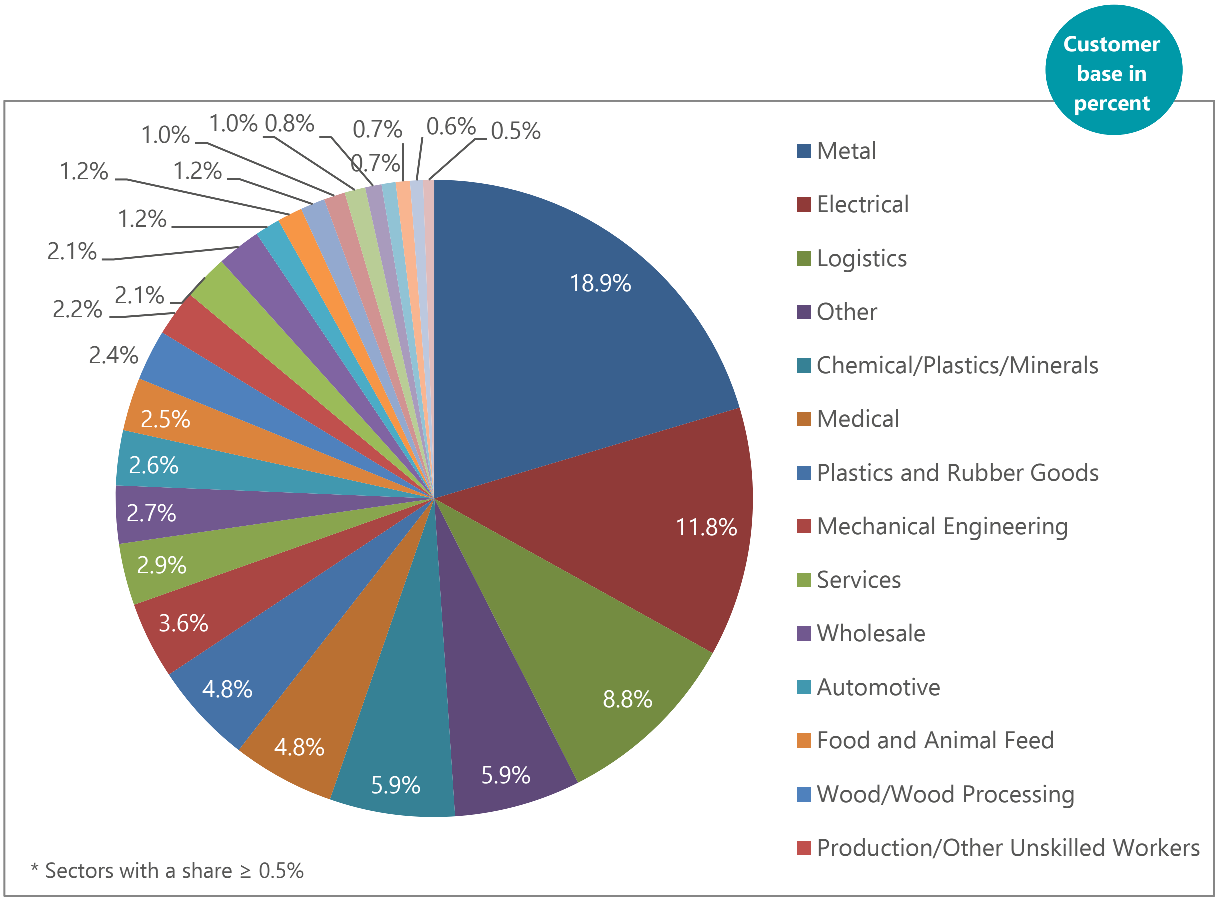
Tempton Verwaltungs GmbH and Tempton Kundenservice GmbH form the central shared services centre for all operating business divisions of Tempton Group with the following central division functions: financial accounting, receivables management, marketing, quality management, controlling, IT, fleet and property management, HR and legal.

BUSINESS ACTIVITIES AND STRUCTURE OF TEMPTON GROUP

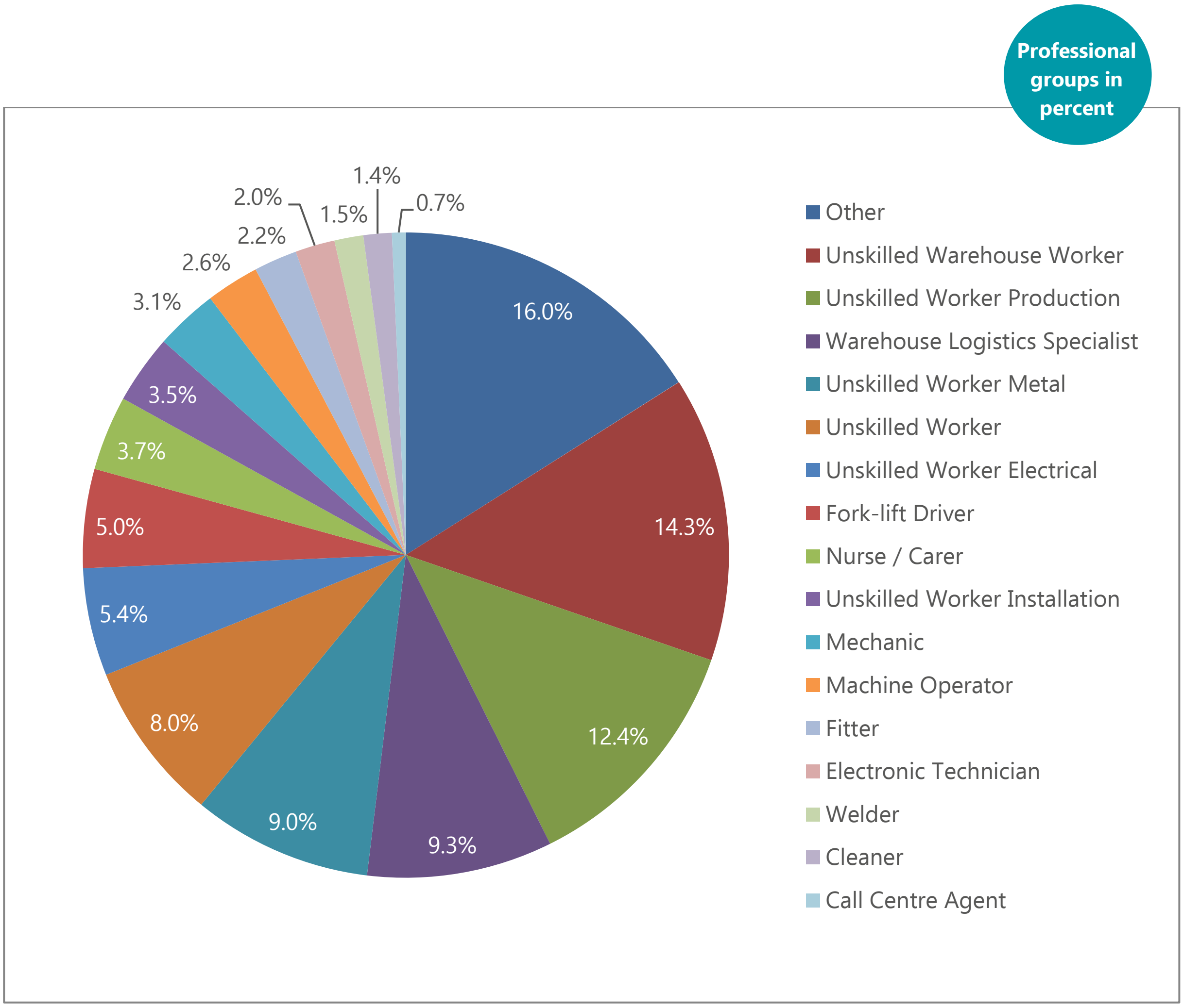
On the one hand, Tempton Group offers the classic personnel services in form of personnel leasing, direct placement, personnel recruitment as well as managed services, icluding master-vendor and on-site management solutions.

On the other hand, however, Tempton Group clearly differentiates itself from its competitors both through its special products personnel takeover, temporary experts and C-level services and through its attractive specialist areas medical, office, engineering, aviation as well as its strong business units technology, NEXT Level (ITC, IT, digital marketing) and outsourcing. There are also high market entry barriers for competitors.

Tempton Group is consciously not sector-focused but, as shown in the following overview, serves the widest possible customer spectrum with an attractive customer base of more than 10,000 active customers, whose number increases annually (for the benefit of Tempton Group, the automotive customer spectrum does not include automobile manufacturers or 1st tier suppliers and, as far as can be seen, no suppliers of components for the powertrain).



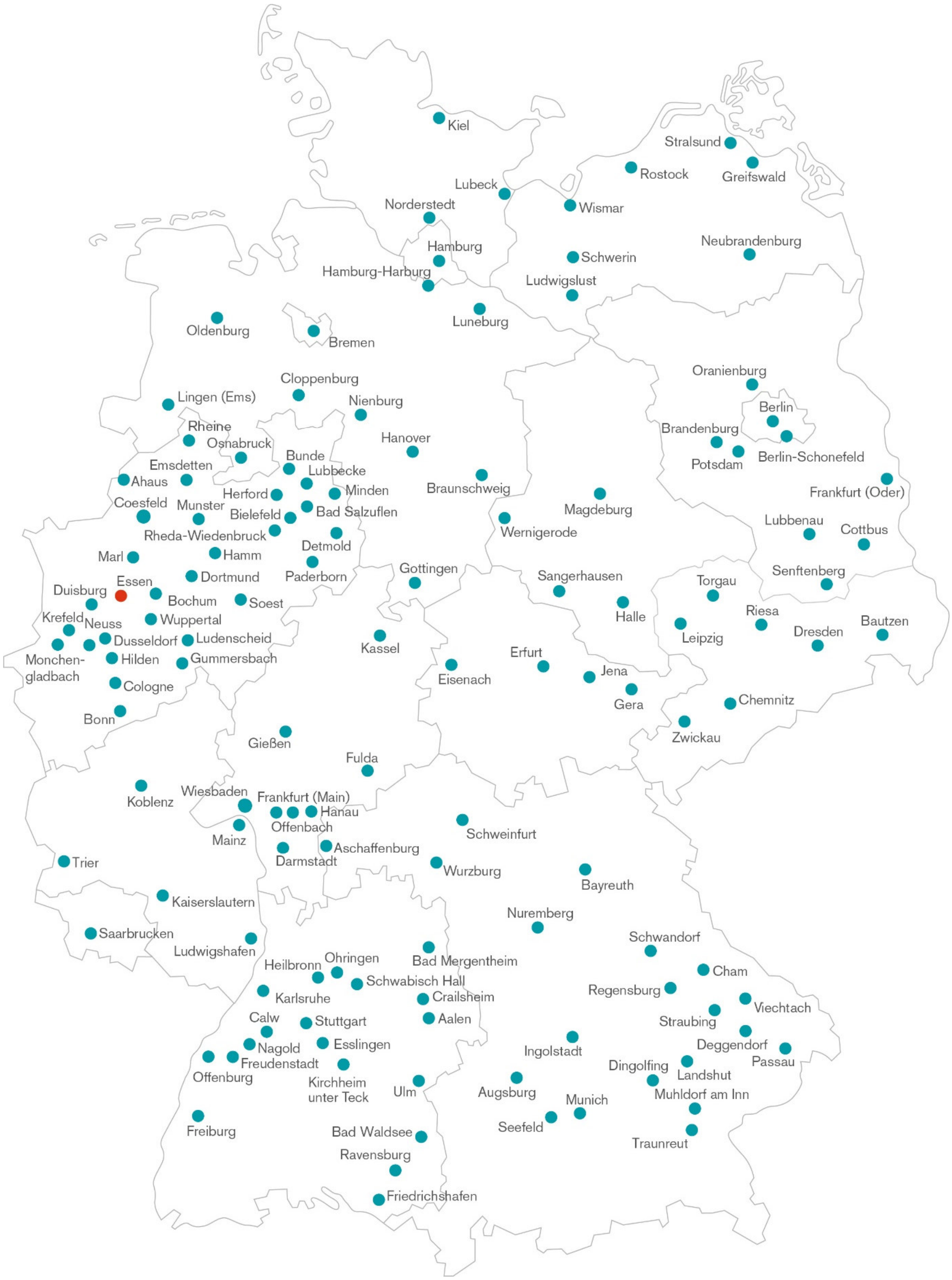
Tempton Group has also deliberately not specialised in specific occupational groups, but has a very wide split of employees of all conceivable qualification levels and qualifications:



This makes Tempton Group a full-service provider with maximum independence from economic cycles, offering its customers personnel-driven services and work services for any requirement.

In addition, Tempton has, as the following graphic shows, an outstanding, nationwide network of locations with well over 140 branches, which has been growing steadily for years. Accordingly, Tempton is available to its customers as a strong partner wherever Tempton's customers need it.

Tempton locations:



The advantages for a cooperation with Tempton Group are especially the following unique selling propositions:

- Tempton has one of the broadest product ranges among all personnel service providers. This means that Tempton is not only a powerful partner for its customers when good personnel is required, but also for personnel reductions and for almost all tasks of personnel administration with appropriately tailored products.

- Tempton technology is a highly professional one-stop solution as a technology partner with a nationwide service and material supply network of maximum importance for customers.

- Not without reason Tempton is a very popular employer and occupies second place among personnel service providers in Germany in the current evaluation "TOP Employer 2021" of Focus magazine. Among the TOP employers in Germany, Tempton ranks 10th. In addition, Tempton has one of the most powerful recruiting machines in the German market due to its size alone, its more than 30 years of market experience, its state-of-the-art technical infrastructure as well as its strong social media presence and digitization lead. Thus, Tempton still has first-class recruiting opportunities despite the generally difficult applicant market. From about 150,000 applicants per year, we recruit only the best, so that our Tempton consultants can consistently select the most suitable personnel from more than 10,000 employees and current applicants for our customers or for the personnel-driven services offered by Tempton.

- Tempton is economically extremely stable and successful. As a result of the issue of a listed Nordic bond, Tempton has a very high level of free liquidity at its disposal at all times, combined with sustainable financing, and a highly professional organization, also from an investor relations point of view. As a result, Tempton's customers and other contractual partners do not have any subsidiary liability or other risks arising from their cooperation with Tempton.

- Tempton very much appreciates its customers and all its other contractual partners. As a result, working with Tempton is pragmatic and uncomplicated in every aspect, even in situations where you may not have the same opinion.

- Tempton is very investive, i.e. fully funded in all areas and state-of-the-art. This can be seen in the equipment of all its branches and headquarters, in all IT systems and hardware in use as well as in the training of all its employees. Tempton's business processes are already digitized to a very high degree. The cooperation with Tempton, both from the customer’s viewpoint and from the viewpoint of other contractual partners and last but not least from the viewpoint of employees and applicants, is thus characterised by high efficiency performance and degree of service.

- Tempton has a powerful and professional central organisation, including a first-class and precise payroll accounting system, its own training academy, its own quality management and audit department, its own legal department and modern work safety. For our customers, this translates positively into the fact that Tempton always and in every respect complies with all regulatory requirements linked by the legislator to the personnel leasing permit, and that Tempton's customers can rely on this.

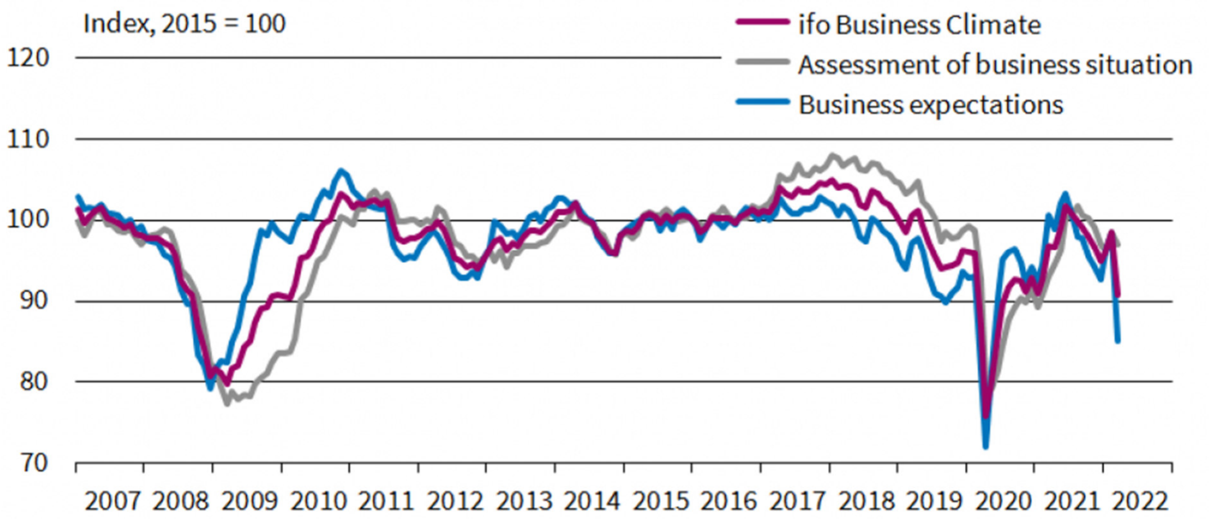
- Tempton is owner-managed, decisive, organized and very sustainable in everything that Tempton does. Commitments by Tempton are therefore reliable and customers, other contractual partners, employees and applicants have constant points of contact with decision-making powers at Tempton.

GENERAL ECONOMIC CONDITIONS

The overall economic situation in Germany was again characterized by the COVID-19 pandemic during 2021. Despite the ongoing pandemic situation and increasing supply and material constraints, however, the German economy was able to recover after the downturn in 2020. According to initial calculations by the Federal Statistical Office (Destatis), price-adjusted gross domestic product (GDP) was 2.7 % higher in 2021 than in 2020 (also adjusted for calendar effects). However, this was not enough to make up for the sharp downturn during the first year of COVID-19 2020: Compared with 2019, the year before the crisis, GDP was still 2.0 % lower. Economic development over the course of the year was also heavily dependent on infection levels and the associated COVID-19 protection measures in 2021. At the beginning of the year 2021, Germany was in the middle of the second COVID-19 wave and in a lockdown. This led to a decline in GDP in the 1st quarter. As the restrictions were gradually lifted over the course of 2021, the German economy recovered noticeably. However, increasing supply and material constraints dampened the recovery, which was halted at the end of the year by the fourth COVID-19 wave and renewed stricter government protection measures.[1]

The ifo Institute lowered its growth forecast for 2022 by 1.4 percentage points and raised it by 1.4 percentage points for 2023. "The ongoing supply constraints and the fourth COVID-19 wave are noticeably slowing down the German economy. The strong recovery initially expected for 2022 is being pushed back further," says ifo's head of economic forecasting Timo Wollmershäuser. Economic output will grow by 2.5 percent in 2021 and by only 3.7 percent next year. In 2023, it will then be 2.9 percent.[2]

ifo Business Climate Germany [a]
Seasonally adjusted



[a] Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, March 2022. © ifo Institute

The economic output in 2021 was generated on annual average by 44.9 million employed persons with their place of work in Germany. This was roughly the same number of employed persons as during the previous year. However, many employed persons were now working in other economic sectors or in other employment relationships than previously. There were increases in employment in public services, education and health (+2.2 %), information and communication (+2.4 %) and construction (+1.2 %). In contrast, there were declines in employment in the trade, transport and hospitality sector (-1.8 %), as there had been in the previous year. The number of marginally employed and self-employed persons continued to decline in 2021, while more employed persons were subject to social security contributions.[3]

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[1] https://www.destatis.de/DE/Presse/Pressekonferenzen/2022/BIP2021/statement-bip.pdf
[2] https://www.ifo.de/node/67014
[3] https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/01/PD22_020_811.html

INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

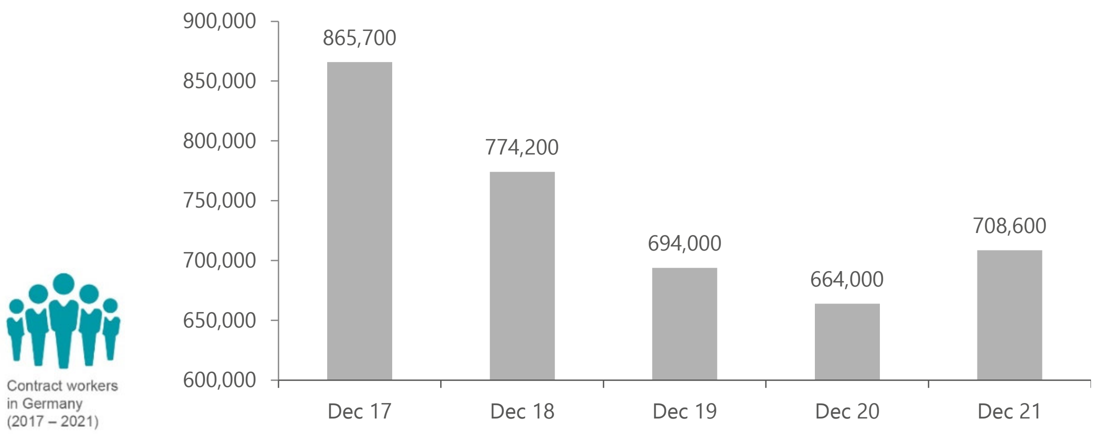
For the typical **personnel services** of Tempton Group, the industry-specific conditions of the temporary employment industry are relevant.

The number of temporary employees has declined continuously since 2017. After a significant decline in 2018 (-91,500 employees), a further decline in 2019 (-80,200 employees), the number of employees in temporary work decreased in 2020 as well (-30,000 employees).

The development from 2018 onwards was triggered by the regulations on Equal Pay and maximum term for temporary staffing, which came into force on 1 April 2017, and also by the general economic slowdown in 2019 as well as the growing crisis within the automotive industry.

The consequences of the COVID-19 crisis are also evident in the figures for temporary employment: From February to June 2020, the number of temporary personnel decreased - unseasonably - by just under nine percent. Subsequently, their numbers recorded small increases month after month - with the exception of the second lockdown. Since April 2021, the figures have again been significantly higher than a year earlier. In June 2021, for example, there were 834,000 temporary workers in employment (+12 percent). The sliding average for the year up to June 2021 was 784,000. As this figure includes the months of summer 2020, which were affected by the COVID-19 crisis, the recovery is not yet as pronounced at this point (-7 percent compared with the prior-year period).[4]

Temporary staff in Germany:



Source: Federal Employment Agency

[4] https://statistik.arbeitsagentur.de/DE/Statischer-Content/Statistiken/Themen-im-Fokus/Zeitarbeit/generische-Publikation/Arbeitsmarkt-Deutschland-Zeitarbeit-Aktuelle-Entwicklung.pdf

Overall, the number of temporary personnel increased again for the first time in 2021 compared to the previous year (+44,600 employees).

There are essentially no industry-specific framework conditions for the Outsourcing business unit of Tempton Group. According to management estimates, the 2021 financial year was especially for customers in the automotive supply industry characterized by supply constraints. In this segment, there were particularly in the 3rd quarter severe volume reductions.

Companies see motives for outsourcing in the globalization and internationalization of their business model (19 %) and the shortage of skilled personnel in Germany (19 %). Increasing pressure to innovate (17 %) is seen as a cause of increased outsourcing.

The main goals here are profitability and cost reduction (58 %), availability of resources (38 %), compensation for a lack of internal know-how (38 %), faster project implementation (27 %) or additional (human) resources (26 %).[5]

For the business unit **technology** of Tempton Group, the industry-specific framework conditions of the telecommunications market are particularly relevant.

The ongoing technological change in the telecommunications sector and the pandemic-related demands on telecommunications infrastructure requires continuously high levels of investment to expand next-generation network infrastructures and upgrade existing network infrastructure. Investments in telecommunications equipment will grow by 4.8 % to around EUR 10.8 billion in Germany in 2021.[6]

Demand for fast broadband - fixed and mobile - continues unabated. According to estimates by Analysys Mason, data traffic in the fixed network increased by 25 % worldwide in 2021. According to Analysys Mason, mobile data traffic will grow by 37 % worldwide in 2021.[7]

The data volume processed via fixed networks in Germany will increase by 34 percent in 2021, reaching around 231 GB per month per broadband line.[8] The data volume processed

[5] https://www.roedl.de/themen/entrepreneur/2017-02/outsourcing-fakten-mittelstand-international
[6] https://www.roedl.de/themen/entrepreneur/2017-02/outsourcing-fakten-mittelstand-international
[7] https://bericht.telekom.com/geschaeftsbericht-2021/lagebericht/wirtschaftliches-umfeld/telekommunikationsmarkt.html
[8] https://www.vatm.de/wp-content/uploads/2021/10/VATM_TK-Marktstudie_281021_f.pdf

via mobile communications in Germany will increase by 33 percent to 6.0 billion GB in 2021.[9] According to the Federal Network Agency (*Bundesnetzagentur*), the number of broadband lines in Germany increased by 0.8 % to 36.5 million by the end of the first half of 2021. According to Analysys Mason's forecast, broadband lines are expected to increase by a further 2.2 % in 2022.

Tempton Technik GmbH will also benefit from the lasting constantly high investment volume, especially in fiber optic and copper infrastructure projects in Germany.

The fast ongoing digitization in Germany requires high investments to adapt and expand network infrastructures to rising needs. In addition to the accelerated expansion of 5G antennas, continuous investments are also being made in fiber optics for connecting base stations. Industry needs stable 5G connections to interconnect machines and production sites and to make value chains more efficient.[10]

For the broadly diversified business areas of Tempton Technik GmbH, the ideal conditions exist here to benefit to the maximum from the very favorable general conditions; the increase in data volumes always goes hand in hand with adjustments in the software systems, streamlining and rebuilding of the infrastructures, new set-ups and new developments - all services that are currently being rendered by Tempton Technik GmbH.

The IT services industry segment, which is also relevant for the Next Level business division of Tempton Group, again developed positively in 2021 with a 3.7 % growth. IT services will remain an important growth driver in the IT industry in the future. In the IT hardware segment, spending increased even more strongly than during the previous year at 8.3 %.

Engineering and TC Services also remain an important growth driver in the Next Level business unit. Diversification into a wide range of sectors such as electromobility, autonomous driving, renewable energies and telecommunications largely compensated for the COVID-19-related declines in the previous year. In addition, we see a further increase in demand for qualified specialists and managers in the area of temporary employment and placement as well as in the area of freelancing.[11]

[9] https://www.vatm.de/wp-content/uploads/2021/10/VATM_TK-Marktstudie_281021_f.pdf (Seite 24)
[10] http://bericht.telekom.com/geschaeftsbericht-2018/lagebericht/wirtschaftliches-umfeld/telekommunikationsmarkt.html
[11] https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland.html

AIMS AND STRATEGIES OF TEMPTON GROUP

Tempton Group systematically pursues the following aims:

- Assumption of a continuously very active role in the ongoing consolidation of the market for personnel service providers. With the acquisition of the material assets of Mondi Group in June 2021 (following the acquisition of the material assets of Teilzeit Thiele Group in March 2019, the synchronized acquisitions of the material assets of Riedl Personal-Service GmbH & Co. KG and LHP Dienstleistungs- und Bildungsgesellschaft mbH on 1 December 2019, as well as the acquisition of the material assets of TRIA Group in September 2020), Tempton Group has also taken another important step along this path in 2021. Tempton Group has a permanently very high level of free cash and cash equivalents, a substantial portion of which is also intended for the financing of potential further acquisitions;

- Continuous further development of Tempton digitization tools
    - ❖ myTempton App (Digital assignment control for employees, customers, administration),
    - ❖ myTempton Check-in (Digital applicant data capture)
    - ❖ myTempton Skills (Digital skill analysis)
    - ❖ myTempton Jet (Digital applicant data management) and
    - ❖ myTempton Connect ("Office on the road", matching platform)

  thereby further optimizing Tempton's core services for the benefit of customers, employees, and applicants;

- Continuous further development of Tempton digitization tools with additional use cases and thus opening up the possibility of market launch of additional very attractive performance optimizations and business models, especially for prospective customers, customers, employees and applicants of Tempton;

- Continuous further development of business especially in the divisions Medical, Aviation and Office;

- In the Next Level business unit: Monetization of the IT footprint, which grew strongly, and further interlinking the strong customer base in the commercial and technical business with the IT and engineering departments;

- In the business unit technology: Focus on high-margin business areas such as the entire process of technical connection of telecommunications connections - from coordination to setup to the final business customer connection. Furthermore: expansion of the customer structure into industries that also have network architectures as a basis (electricity grids, gas grids, pipelines, transport networks);

- In the business unit outsourcing: specialisation in the efficient and high-quality solution of specific customer problems in the areas of logistics services, quality management and production;

- Further expansion of the existing position as one of the quality leaders;

- Positioning as national champion in the attractive SME submarket;

- Qualified key accounting of the large mid-sized sector;

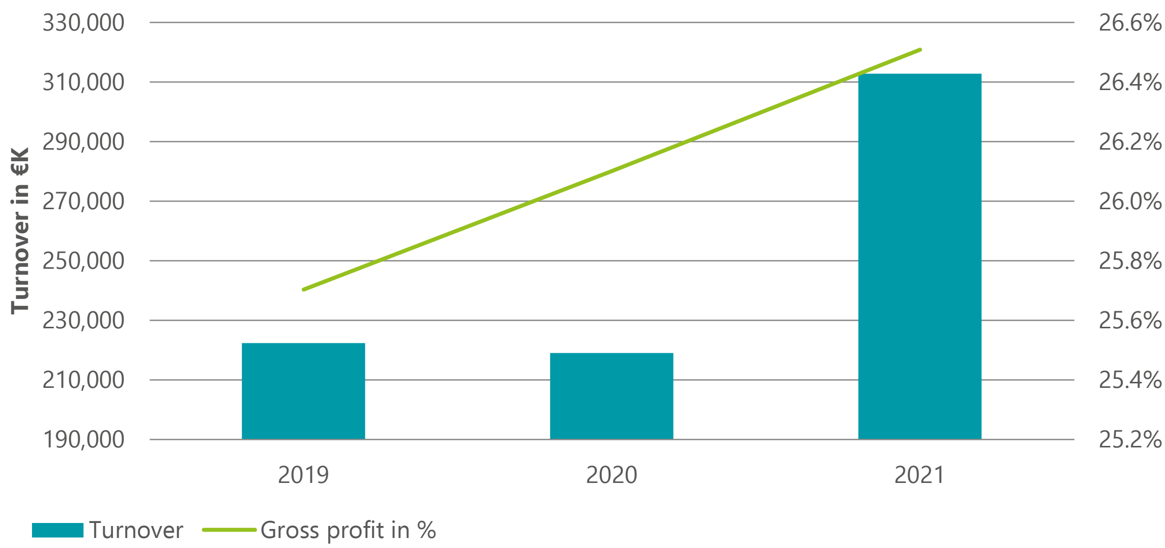
- Expansion of the Managed Services Provider business.

BUSINESS PERFORMANCE OF TEMPTON GROUP

In the financial year 2021, Temptom Group once again developed extremely positively in the key financial performance indicators of consolidated revenue, consolidated gross profit margin and consolidated EBITDA.

Revenues of kEUR 315,152 were generated in the financial year 2021. The revenue forecast of the management for the financial year 2021 of approximately kEUR 250,000 was thus not only achieved, but also significantly exceeded (by more than kEUR 60,000), in particular due to the good order situation and the acquisition of Mondi Group in June 2021.

Group EBITDA increased from kEUR 12,042 during the previous year to kEUR 28,957 in the financial year. This corresponds to an increase of kEUR 16,915 or 140.47 %.



Assets, liabilities and financial position

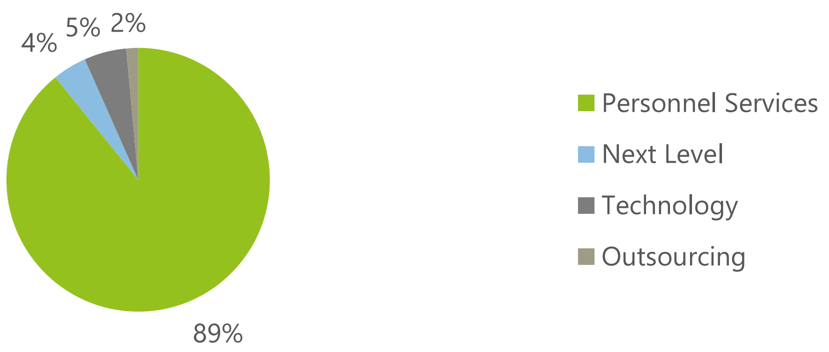
Basis of the annotations are the consolidated financial statements in accordance with IFRS as of 31 December 2021.

Earnings

kTEUR	2021	2020
Revenue	315,152	219,133
Changes in work in progress	64	-2
Other operating income	701	824
Cost of raw materials and supplies	-1,496	-2,003
Cost of purchased services	-9,651	-6,305
Personnel costs	-251,159	-179,486
Other operating expenses	-24,654	-20,119
EBITDA	**28,957**	**12,042**
Depreciation and amortization	-8,895	-7,133
Operating profit (EBIT)	**20,062**	**4,909**
Interest income and similar income	78	59
Interest expense and similiar expense	-3,641	-2,401
Income taxes	-5,276	684
Profit of the Year	**11,223**	**3,251**

Revenue (financial performance indicator) increased by kEUR 96,019, or 43.8 %, from kEUR 219,133 in the financial year 2020 to kEUR 315,152 in the financial year 2021. Tempton Group's revenue growth in the financial year 2021 compared to the financial year 2020 was mainly driven by organic growth and continued strong sales activities, supported by increased demand for personnel services as a result of the economic recovery, particularly in the airport and medical sectors, and the revenue gain from the acquisition of Mondi Group's significant assets.

The following table shows the sales revenues of the individual business areas:



Changes in inventories of work in progress increased by kEUR 66 from kEUR -2 during the previous year to kEUR 64 in the financial year 2021, which is attributable to the usual changes in inventories of work in progress.

Other operating income decreased by kEUR 123 or 14.9% from kEUR 824 in the financial year 2020 to kEUR 701 in the financial year 2021, which is mainly due to the consumption of provisions in 2020 for the acquisition of the main assets of LHP Dienstleistungs- und Bildungsgesellschaft mbH in 2019.

The cost of materials decreased by kEUR 507, or 25.3 %, from kEUR 2,003 in the 2020 financial year to kEUR 1,496 in the 2021 financial year. The decrease in the cost materials in the 2020 financial year compared with the 2021 financial year is mainly attributable to the realization of projects with lower input requirements in the Engineering business area and to a decline in business activities due to changes in the project composition of Tempton Technik GmbH.

The cost of purchased services increased by kEUR 3,346, or 53.1 %, from kEUR 6,305 in the 2020 financial year to kEUR 9,651 in the 2021 financial year, primarily due to increased use of external services in the Next Level business area and, to a lesser extent, in the technology business area.

Personnel expenses increased significantly by kEUR 71,673 or 39.9 % to kEUR 251,159 (previous year: kEUR 179,486) due to the significant increase in the number of employees (non-financial performance indicator) - also compared to the forecast - as a result of the very good order situation. There is a one-time effect in personnel expenses from the provision (kEUR -5,488) that does not have to be established compared to the previous year due to a change in the contribution collection procedure of the Verwaltungs- und Berufsgenossenschaft ("**VBG**") as one of the accident insurance providers of Tempton Group. During the course of this change, VBG waived the collection of contributions for the contribution year 2021 from all insured companies, but also switched from retroactive to provisional collection of contributions with effect from the contribution year 2022. The increase in personnel expenses of Tempton Group in the financial year 2021 is mainly attributable to an increase in external personnel expenses (kEUR 65,294), which was primarily caused by increased personnel service activities, and to a lesser extent to an increase in internal personnel expenses (kEUR 6,378), caused by operational growth, in particular the hiring of additional digitization specialists and programmers in connection with Tempton's increased digitization activities.

The gross profit margin (financial performance indicator) in the reporting period was 26.51 %, on a par with the prior-year period (26.13 %). Thus, the gross profit margin of approx. 25.00 % desired by the management for the financial year was again exceeded.

The gross profit margin is the ratio of gross profit to sales. In addition to the cost of materials, Tempton Group includes in the gross profit only personnel expenses for employees directly related to the generation of sales ("external employees").

Other operating expenses increased by kEUR 4,535, or 22.5 %, from kEUR 20,119 in the financial year 2020 to kEUR 24,654 in the financial year 2021. The increase in other operating expenses in the financial year 2021 compared with the financial year 2020 is primarily due to the increased business activity, in particular the increase in advertising expenses (kEUR +1,597), office supplies, IT and telecommunications expenses (kEUR +597), other vehicle expenses (kEUR +579) and other personnel-related expenses (kEUR +546).

Against the background of the strong increase in sales with a disproportionately low increase in the cost of materials and (additionally due to the non-recurring effect of the VBG provisions of kEUR -5,488 that did not have to be established) a disproportionately low increase in personnel expenses, EBITDA (financial performance indicator) increased from kEUR 12,042 during the previous year to kEUR 28,957 in the reporting year. The increase was only partially offset by the disproportionate rise in expenses for purchased services.

Depreciation and amortization increased by kEUR 1,762 from kEUR 7,133 to kEUR 8,895, in particular as a result of investments in the development of digitization projects, the remodelling of the headquarters in Essen, and acquisitions of personnel service providers in 2021.

Interest expenses and similar expenses increased by kEUR 1,240, or 51.6 %, from kEUR 2,401 during the previous year to kEUR 3,641 in the financial year 2021. The increase in interest expenses and similar expenses is mainly attributable to expenses of kEUR 870 for the voluntary early repayment of the listed Nordic Bond 2019.

Income taxes changed by kEUR 5,960 from a net income tax benefit of kEUR 684 in the financial year 2020 to a net income tax expense of kEUR 5,276 in the financial year 2021. The change in income taxes in the financial year 2021 compared to the financial year 2020 is mainly due to a significantly higher taxable income. In addition, the net income of kEUR 684 reported for the 2020 financial year is attributable to the capitalization of the total remaining deferred tax assets on tax loss carryforwards of kEUR 1,903.

Consolidated net profit increased significantly by EUR 7,972 thousand to EUR 11,223 thousand (previous year: EUR 3,251 thousand).

Net Assets

kEUR	31.12.2021	31.12.2020
Current assets	**71,713**	**54,689**
Cash and cash equivalents	31,836	23,322
Trade receivables	33,275	25,500
Contract assets	1,431	1,015
Current income tax receivable	644	270
Other current financial assets	1,539	1,503
Inventories	774	580
Other current assets	2,214	2,499
Non-current assets	**37,846**	**39,572**
Other intangible assets	4,488	4,079
Goodwill	10,646	10,646
Property, plant and equipment	9,133	8,719
Right-of-use-assets	7,119	6,106
Other non-current financial assets	2,341	3,078
Deferred tax assets	4,119	6,944
Total assets	**109,559**	**94,261**

The net asset position of Tempton Group in the reporting period was characterized by the increase in total assets (kEUR +15,298 or +16.23 %) to kEUR 109,559. Structurally, the asset situation of Tempton Group improved significantly compared to the previous year due to the consolidated net profit.

As a result of the positive business development and the acquisitions made, current assets increased by kEUR 17,024 or 31.1 % from kEUR 54,689 during the previous year to kEUR

71,713 in the reporting year, mainly due to an increase in cash and cash equivalents by kEUR +8,514 to kEUR 31,836 and an increase in trade receivables by kEUR +7,775 to kEUR 33,275.

The average DSO (time between invoicing and actual payment by customers) increased by 2.7 days to 24.2 days (previous year: 21.5 days). The figure achieved is therefore still the best in the industry.

Non-current assets decreased by kEUR 1,726 or 4.4 % from kEUR 39,572 as of 31 December 2020 to kEUR 37,846 as of 31 December 2021, primarily due to a decrease in deferred tax assets and other non-current financial assets, mainly security deposits, which were only partly offset by an increase in property, plant and equipment, mainly resulting from the expansion of Tempton's network of locations, and an increase in assets due to an increased number of locations and leased company cars.

In the financial year 2021, Tempton again invested substantially in the future with a total of kEUR 4,778.

kEUR	31.12.2021	31.12.2020
Current liabilities	**46,514**	**38,747**
Current financial liabilities	175	420
Lease liabilities	3,178	2,597
Trade payables	2,796	2,334
Current income tax liabilities	1,976	2,086
Current provisions	17,751	16,675
Other current financial liabilities	10,465	8,506
Other liabilities	9,831	5,677
Contract liabilities	342	452
Non-current liabilities	**34,290**	**38,171**
Non-current financial liabilities	26,796	31,255
Lease liabilities	3,452	2,652
Provisions for pensions	3,373	3,670
Non-current provisions	191	244
Deferred tax liabilities	478	350
Total liabilities	**80,804**	**76,918**
Shareholders' equity	**28,755**	**17,343**
Share capital	25	25
Treasury Shares	-9	-9
Capital Reserves	676	676
Retained Earnings	28,063	16,651
Total liabilities and shareholders' equity	**109,559**	**94,261**

Current liabilities increased by kEUR 7,767 from kEUR 38,747 during the previous year to kEUR 46,514 in the reporting year, mainly due to an increase (kEUR +4,154) in other short-term liabilities (primarily due to increased sales revenues, which lead to higher sales tax liabilities, liabilities from wage and church taxes), an increase (kEUR +1,959) in other current financial liabilities and an increase (kEUR +462) in trade payables and lease liabilities (kEUR +581).

Non-current liabilities decreased by kEUR 3,881 or 10.2 % from kEUR 38,171 as of December 31, 2020 to kEUR 34,290 as of December 31, 2021, mainly due to the voluntary early repayment of the listed Nordic Bond 2019 in the amount of EUR 30 million, which was partly refinanced by the issuance of the new listed Nordic Bond 2021 in the reduced amount of EUR

25 million at significantly more favorable conditions, only partly offset by an increase in lease liabilities due to an increased number of locations and leased company cars.

Shareholders' equity increased by kEUR 11,412 or 65.8 % from kEUR 17,343 during the previous year to kEUR 28,755 in the reporting year due to an increase in retained earnings.

Financial situation

kEUR	31.12.2021	31.12.2020
Profit of the year	11,223	3,251
Depreciation and amortisation	8,895	7,133
Change in provisions	725	1,110
Other non-cash (income) expenses	-90	-75
Changes in trade and other receivables, inventories, contract assets and other assets	-6,841	-3,525
Changes in trade payables, contract liabilities and other liabilities	6,603	1,360
(Gains) losses from the disposal of intangible assets and property, plant and equipment	39	55
Interest (income) expenses, net	3,563	2,341
Income tax expenses	5,276	-684
Income taxes paid	-2,892	-1,190
Cash flow from operating activities	**26,501**	**9,776**
Disposal of equipment	3	13
Additions to property, plant and equipment	-2,040	-3,219
Additions to intangible assets	-2,565	-2,643
Additions to assets leased	-173	-454
Interest received	14	15
Cash flow from investing activities	**-4,761**	**-6,288**
Issuance of long-term debt	25,000	0
Repayment of long-term debt	-30,000	-154
Principal portion of repayment of lease liabilities	-4,669	-4,145
Interest paid	-3,557	-1,942
Cash flow from financing activities	**-13,226**	**-6,241**
Change in cash and cash equivalents	**8,514**	**-2,753**
Cash and cash equivalents at beginning of the period	**23,322**	**26,075**
Cash and cash equivalents at end of year	**31,836**	**23,322**

In the reporting year, Tempton Group always had sufficient positive cash flow to meet all its payment obligations on time. Tempton Group did not make use of deferrals of public-law liabilities, even during the COVID-19 pandemic.

Cash flows from operations changed from a cash inflow of kEUR 9,776 in the financial year 2020 to a cash inflow of kEUR 26,501 in the financial year 2021, mainly due to an increase in net profit, an increase in other liabilities and other financial liabilities as well as a change from a cash outflow to a significant cash inflow in income tax expenses. However, these effects were partially offset, primarily by changes in accounts receivable, as well as an increase in income taxes paid due to the increase in revenue in the 2021 financial year.

The investment cash flow decreased by kEUR 1,527 to kEUR -4,761 compared to the previous year (kEUR -6,288), mainly due to lower investments in property, plant and equipment after completion of the major modernization measures at the Group's headquarters in Essen in 2020.

The financing cash flow shows a cash outflow of kEUR -13,226. Proceeds of kEUR 25,000 from the placement of a new listed Nordic bond at significantly more favorable conditions (interest rate 4.75 %) were offset by repayments of kEUR 30,000 (interest rate 6.00 %) from the voluntary early repayment of the previous listed Nordic bond. In addition, Tempton incurred costs of kEUR 870 for the early repayment of the listed Nordic Bond 2019 and costs of kEUR 690 from the compounding of the listed Nordic Bond 2019 under the effective interest method.

Overall, Tempton Group generated positive cash flow of kEUR 8,514 in the reporting year.

The main financing of the group is in the form of a listed Nordic Bond, which bears a fixed interest rate of 4.75 %, matures on 9 November 2026, and offers the possibility to increase the volume up to kEUR 75,000.

Tempton Group uses off-balance sheet transactions to optimize its financing structure. These include the partial use of factoring in the technology, Next Level and outsourcing business divisions for certain (major) customers with extended payment terms typical for the industry that do not fit into the payment term corridor issued by Tempton as a maximum limit vis-à-vis the customer base.

Summary assessment

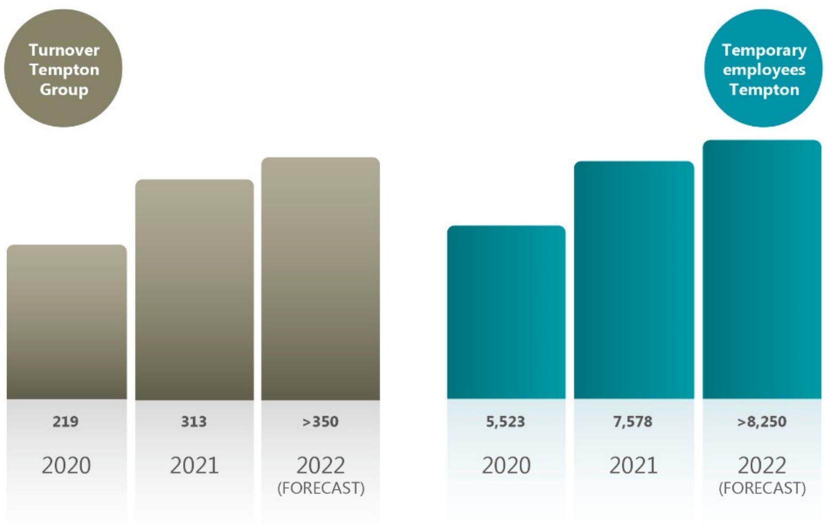
In the financial year 2021, Tempton Group was able to significantly exceed the level of the year 2020 in almost all key figures. This also applies to the number of employees (non-financial performance indicator), which also increased significantly - also compared to the forecast. Overall, the management is very satisfied with the business performance in the financial year 2021.

Forecast report

Tempton Group is optimally positioned. It has not only done all its essential homework since 2013 but has also positioned itself for the future in every respect. The medium to long-term goals pursued by the management of Tempton Group were consistently achieved in the financial year 2021, confirming the very good development in sales, gross profit margin and EBITDA compared to previous years.

Accordingly, Tempton Group has continued to develop positively over the course of 2022 to date and continues to grow.

Development of sales (million euros) and temporary employees of Tempton Group[12]:



The fact that Tempton Group, due to its own highly qualified digital unit, is in the top group of the personnel service provider market in terms of digitization as well and is investing here substantially, will further improve the market position of Tempton Group in the future. For the financial performance indicators for 2022, Tempton Group expects another significant

[12] The data refers to temporary employees of Tempton Personaldienstleistungen GmbH, Essen as part of Tempton Group.

increase (sales) or a continued stable development of approx. 25.00 % (gross profit margin) compared to the level of the past financial year. For the EBITDA, Tempton-group expects for 2022 that this will come in slightly above the level of the past year (kEUR 28,957 adjusted for the one-time effect from the VBG provision (kEUR -5,488), corresponding to kEUR 23,469).

Opportunities report

Tempton Group sees concrete attractive business opportunities in particular in the ongoing nationwide roll-out of its of its divisions Medical, Aviation and Office, the continuously growing key accounting and managed services provider business, in the opportunities of the ongoing digitization strategy (among others myTempton App, myTempton Check-in, myTempton Skills, myTempton Jet, myTempton Connect) as well as in the interaction with the IT/Digital Marketing department (based at Tempton Next Level Experts GmbH), which has now been set up nationwide and has grown strongly in 2021.

In light of the fact that Tempton Group has a consistently very high level of free cash and cash equivalents, a substantial portion of which is also allocated to financing potential further acquisitions, there is also the intention and the opportunity to further consolidate the market.

Due to the very good know-how available in Tempton Outsourcing GmbH in the development of logistics locations, there are very good business opportunities for Tempton Outsourcing GmbH in the growing market of online trade. Commissioning and value-added services are primarily outsourced in these market segments. Here Tempton Outsourcing GmbH has excellent expertise and first-class references. This strength pays off increasingly in the existing customer relationships, but also in the acquisition of new customers!

Due to Tempton Next Level Experts GmbH's extensive expertise in taking on complex technical projects and the current development of the ITC market, we also expect for the financial year 2022 to be able to significantly expand our existing business in the area of temporary experts.

At Tempton Technik GmbH, we are convinced that, against the background of upcoming innovations and market developments, we can master the challenges and exploit the opportunities with our technical expertise and professional positioning. In addition to the pandemic-related increase in demand for telecommunications services, we see an accelerating decline in the traditional landline business and a continued strong increase in demand for mobile services. In addition to rising demand for faster connectivity and higher data volumes, the roll-out of broadband will continue to have a high priority.

The signs continue to point to growth due to high investments in new technologies (e.g., FTTX and 5G). This development and expansion of the infrastructure goes hand in hand with the dismantling of old technologies and the upgrading of existing technology. These are areas in which Tempton Technik GmbH is equally strong and will therefore continue to be a powerful and competitive provider and partner of the various digitalization initiatives in the future.

In the 2022 financial year, Tempton Technik GmbH will continue to steadily expand its very good customer base and also continue to expand its service portfolio into promising areas.

Risk report

The following risks are listed in descending order of severity for the current year 2022.

- As already mentioned in the reports of the previous years, the availability of qualified employees and the current overall economic situation remain limiting factors. To counteract this, Tempton Group has intensified initiatives for recruiting and addressing potential new employees as well as for the further qualification of its existing employees.

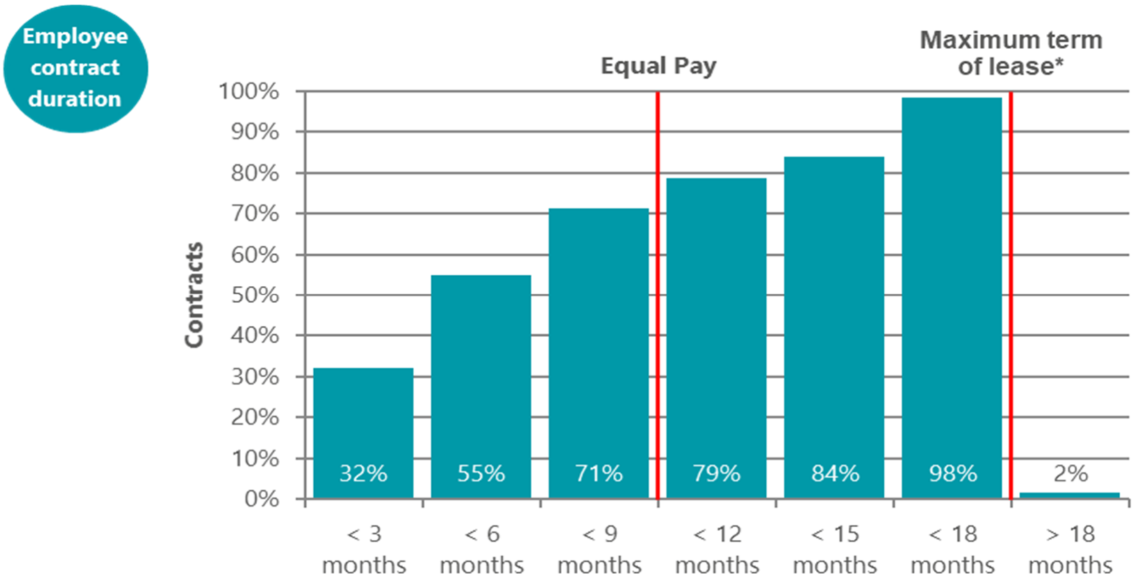
- Risks still persist from the COVID-19 pandemic and its impact on the global and German economies. The annual forecast for 2022 published by the German Ministry of Economics in January 2022 shows a year-on-year increase in price-adjusted gross domestic product (GDP) of 3.6 %. The beginning of the year was still subdued by the COVID-19 situation and the corresponding restrictions in the service sectors. In the further course of the year, however, the economic recovery should pick up noticeably once the infection situation has subsided and the corresponding restrictions have been withdrawn[13].

- Due to the continued attacks by Russian forces in Ukraine since the end of February 2022, the EU has adopted severe economic and financial sanctions against Russia in several tranches since 24 February 2022. The impact of these sanctions on Tempton Group cannot be assessed conclusively at this point in time.

[13] https://www.bmwi.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitik/2022/02/11-jwb-2022.html

- The German Temporary Employment Act (*Arbeitnehmerüberlassungsgesetz* – "**AÜG**") has undergone a number of significant changes as a result of an amendment to the law on 21 February 2017, which have taken legal effect when the law came into force on 1 April 2017. Unmistakably, it aims to regulate both employee leasing and the use of contracts for work and services to an even greater extent than before. The two most important provisions of the amendment are the limit of 18 months for the maximum period of employee leasing and the equal pay entitlement after 9 months. The maximum period of employee leasing poses a challenge for customers, employees, and personnel service providers, especially in the case of long-term projects with a duration of over 18 months. If the 18-month period of employee leasing is exceeded, it is automatically assumed that there is an ineffective agreement between the lender and the employee. At the same time, the establishment of a new employment relationship between the lessor (customer) and the employee of the personnel service provider comes into effect, with all consequences under labour, social and tax law. The law provides for fines of up to EUR 30,000.00 for violations as well as consequences regarding the permit (up to the revocation of the permit for employee leasing). The regulation on equal pay after 9 months of temporary employment includes the right of the employee to be paid like a permanent employee after 9 months.

  Tempton Group focuses on filling relatively short-term contracts meaning that, as the following chart shows, almost 75 % of the temporary employees of Tempton Group are employed for less than 9 months on a customer assignment, and almost no temporary employees on a customer assignment reach the statutory maximum leasing period. Tempton Group is very well positioned within the scope of the existing regulatory framework:



* Maximum duration of contract period restricted to 18 months since reform of the AÜG (German Temporary Employment Act) took effect on 1 April 2017. Individual industry collective-bargaining agreements however allow for divergencies.

- Due to the increasing digitization of business processes in internal and external communications, the Tempton Group is confronted with information security risks. There is a risk of unauthorized data access by external and internal disruptive factors to sensitive employee and company data, as well as the risk of insufficient availability of IT systems. Data loss can lead to an impairment of business processes. The x Group counters the following IT risks by implementing a wide range of measures that are subject to permanent monitoring and by continuously investing in the IT landscape to keep it state-of-the-art: Hacker attacks, failure of internet or energy supply, damage caused by malware (viruses or Trojans).

- Tempton Group sees manageable risks for 2022 in the deterioration of customers' creditworthiness and increasing price pressure. Tempton Group has naturally taken all necessary precautions to keep these risks well under control. However, as these risks affect the entire personnel services industry, they will also create opportunities for further market consolidation in favour of Tempton Group.

- Tempton Group has a very large customer base with more than 10,000 active customers. Due to its sales strength - Tempton Group acquires more than 3,500 new customers each year - Tempton Group is able not only to compensate for any customer losses, but also to actively optimize this customer base on a permanent basis in terms of margin, employee satisfaction in customer assignments and default risk on the customer side. As can be seen from the following diagram, cluster risks in the customer structure are practically non-existent:

Liquidity risks

Tempton Group has a very high free liquidity. The management of Tempton Group does not currently see any liquidity risks.

Liability and default risks

The Tempton Group has integrated a standardized insurance program so that it has adequate insurance cover for such risks. This program also includes receivables bad debt insurance.

Customer developments, customer losses or order initiations

Since 2015, Tempton Group has been transformed into a powerful sales and marketing organization. Accordingly, Tempton Group gains more than 3,500 new customers per year in the personnel services business area, the core area of Tempton Group, which always overcompensates for possible customer losses. In particular, Tempton Personaldienstleistungen GmbH is in no way dependent on individual customers or specific orders. In general, Tempton Group does not accept orders that would in any way force Tempton Group to modify its existing high-performance organization. In particular for Tempton Personaldienstleistungen GmbH certain customers or orders are of no particular importance.

The business units outsourcing and technology have a healthy mix of long-term framework agreements (more often even with the guarantee of minimum volumes), medium-term projects and projects on a short-term basis. Although possible project postponements and abruptly ending projects cannot be completely ruled out, the very good customer contacts and the very good networking within the industries with relevant experts are a certain guarantee that impending customer and order losses can be identified in good time.

Research and development

As a service provider, Tempton Group has no research and development activities.

Internal control system

Tempton Group has a functioning internal control system in place. The controls are carried out by the various specialist departments as well as by a permanent team of auditors.

General note on the group management report

This group management report contains prognostic statements and information that are based on the economic and financial conditions currently known and the resulting expectations of management.

Essen, 25 April 2022

Tempton Group GmbH
The Management Board

INDEPENDENT AUDITOR’S REPORT

Note: This is a convenience translation of the German original. Solely the original text in German is authoritative.

INDEPENDENT AUDITOR'S REPORT

To Tempton Group GmbH, Essen

AUDIT OPINIONS

We have audited the consolidated financial statements of Tempton Group GmbH, Essen, and its subsidiaries (the group), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statement of profit and loss, the consolidated statement of changes in equity, and the consolidated statement of cash flows for he financial year from January 1, 2021 to December 31, 2021 and notes to the consolidated financial statements, including a presentation of the recognition and measurement policies.

In addition, we have audited the group management report of Tempton Group GmbH for the financial year from January 1, 2021 to December 31, 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the group as at December 31, 2021 and of its financial performance for the financial year from January 1, 2021 to December 31, 2021, and
- the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

Our responsibilities under those requirements and principles are further described in the "AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in compliance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position and financial performance of the group. In addition, the executive directors are responsible for such internal controls as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, and intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with German Legally Required Accounting Principles.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express audit opinions on the consolidated financial statements and the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate,

in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, April 28, 2022

Braunschläger	Gebert
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

www.tempton.de